

May NATION'S 1948

MAY 4 1948

# BUSINESS

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# problem\*

# solution

# result...



For years, printing ink manufacturers have had to pay a premium for custom-made resins to produce high-gloss inks that keep their good qualities, even after long storage. Hercules creative research has now developed a low-cost, light-colored resin—Pentalyn 802A Pale—designed especially for inks. The result is good news for both printer and reader.

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# Nation's Business



PUBLISHED BY

CHAMBER OF COMMERCE OF THE UNITED STATES

VOL. 36

MAY, 1948

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## About Our AUTHORS

**I**N THE heyday of the New Deal it was not uncommon to hear American business men say they didn't care what the rules of the game were so long as the rules were short of Communism and stayed steady. Others had stronger feelings on this subject. Remembering this, we wondered how British business men were taking Socialism. To satisfy our curiosity—and perhaps yours—we asked **PAUL EINZIG**, parliamentary correspondent for the *Financial Times* of London, to tell us what he could see from his point of vantage. "The Front Office Goes Socialist" is the result. But more about Einzig: He was born and educated in Europe, became a British subject in 1929. He is a prolific writer with more than a score of books on economics and finance to his credit.

SOME seven years ago a young newspaperman on the *Arkansas Democrat* wrote an article for NATION'S BUSINESS. As is natural, much has happened to the young man, **OREN STEPHENS**, in the intervening years. First came a stay at Harvard as a Nieman Fellow. This was followed by two years overseas with OWI, first in South Africa and later in Ceylon. Then he was transferred to San Francisco to help in the final propaganda campaign against the Japs. After V-J Day Stephens spent a year as public relations director of Stanford University, then joined a weekly newsmagazine. Last November he took a long-deferred plunge into free-lancing.

A FEW months ago **RAYY MITTEN** wrote an article for us about the nation's parking problem—one which he could view objectively since he doesn't drive. This month he's back with a story about the dilemma facing the Federal Reserve. Though he again views his subject objectively, he does it at closer range because Federal Reserve's operations affect almost every home in America. And his work as a member of the Washington staff of the Akron *Beacon Journal*

brings him into frequent contact with the men who are charged with regulating our monetary and credit system. Mitten is a native of Akron and has been with the *Beacon Journal* since receiving a degree in journalism from Kent State University.

**TODAY, DR. MAURICE H. FRIEDMAN** is a practicing physician in the District of Columbia. For about ten years before the war, however, he was a full-time member of the teaching faculty of the University of Pennsylvania Medical School. There, as assistant professor of physiology, he concentrated his activities on teaching and research in physiology and experimental medicine. Just before the war he was given the task of developing apparatus for the measurement of blood flow and the recording of pulse in pilots during dive bombing. Later, he served as internist and gastroenterologist in the Army Air Forces. It was during this period that Friedman became interested in medical care insurance and health conditions existing in the United States.

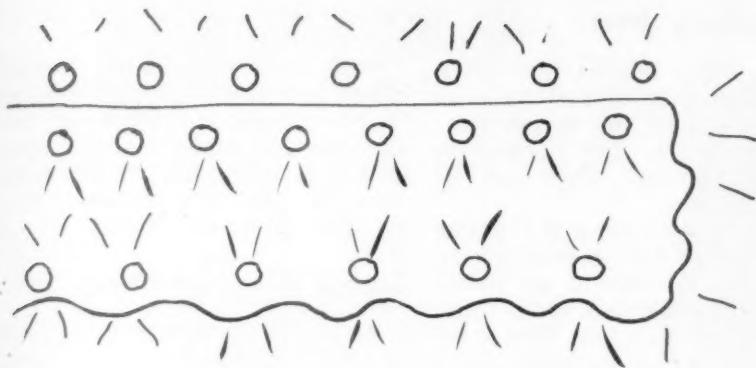


MAURICE FRIEDMAN

**BOOTH TARKINGTON** once described **FRED C. KELLY** as an extraordinary man with an extraordinary curiosity. In light of this it isn't surprising to learn that Kelly invented the Washington daily syndicated column back in 1910. Nor is it surprising to learn that he is the official biographer of the Wright brothers and one of the leading authorities on what they did. Incidentally, it was Kelly who negotiated the settlement of the Wright-Smithsonian controversy which now makes possible the return of the original airplane from the Science Museum in London. Kelly once did a department for us titled, "Human Nature in Business." He now spends his time running his tree farm in Ohio and doing free-lance writing.

**THIS** summer thousands of antique collectors will comb the country looking for rare items for their collections. Some will be out for period furniture, some for silverware. Others will be searching for a colonial plate such as **CHARLES DE FEO** has shown in this month's cover painting. In any case, the search will be fun.

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# NB Notebook

### Mile-a-minute sheet

WHEN a sheet rushes through a tin-plate mill at almost mile-a-minute speed in the latest five-stand plants, a few inaccurate minutes can pile up a lot of spoiled material.

So how do you keep the gauge or thickness of the sheet right to one-ten thousandth of an inch? Westinghouse Electric calls upon X-rays to do the job. One tube works through the processed sheet and another radiates through a standard sheet. They activate a fluorescent screen and a photo-multiplier tube measures the difference in radiation which is sent along to the proper indicating instruments.

No hands, no mechanical devices to wear out or foul up. Mile-a-minute speed and perfect control of the product—an American combination which goes a long way to explain our industrial supremacy.

### Business executive

HEADING an institution whose aim it is to turn out the leaders of tomorrow, Donald K. David, dean of the Harvard Graduate School of Business Administration, sets these minima for a good business executive. They are set down in his annual report to Dr. James B. Conant, Harvard president.

- 1, The ability to work with other people.
- 2, The ability to reach sound decisions in the light of the facts available and under pressure of time.
- 3, Willingness and courage to put his decisions into effect.
- 4, The ability to draw upon a fund of substantive knowledge, of facts and techniques pertaining to business generally and to the particular industry and firm with which he is connected.

Dr. David was quick to add, however, that these were merely some of the abilities required, and that

"many facets to this question are unanswerable at present."

"The real test of a business man's competence," he explained, "is his success in combining these abilities and many more to reach an end result on his job, the maintenance and development of a healthy, going concern."

### Cashes in on grievances

EMPLOYEE suggestion systems, which have become increasingly popular in industry and trade, sometimes run against labor union objection. The criticism springs from the belief that jobs are jeopardized if ways are found to do work with the same or fewer men.

F. A. Denz of Remington Rand, Inc., president of the National Association of Suggestion Systems, says his management met the argument this way:

"We are in a competitive business. Our competitors have suggestion systems. They are asking their employes to help them cut costs and increase production. If we are not able to meet our competitors by also cutting costs and increasing production, then we cannot stay in business. A suggestion system will help us keep our doors open. Otherwise, there will be no jobs for any of us."

This view prevailed and a boycott was called off. A flow of suggestions followed. One man was doing so well that Mr. Denz asked him about his method.

"That's easy to explain," was the laughing answer: "You see I'm the shop steward, and whenever I get a grievance I turn it into a suggestion."

### Tourist attraction

AMERICAN tourists in England this summer will not be rationed on clothing and gasoline, it has been announced. But, better still,

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# skylines...

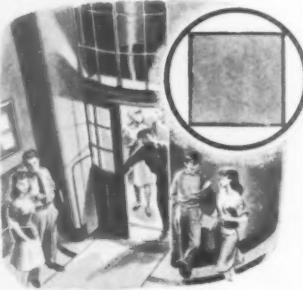


by Otis

**True enough, Miami is a playland** of golden sunshine and rustling palms. But it's a business town as well. Long air-minded, it has become one of the greatest international airports of the world. Even its skyline has that modern upswept look. Otis is mighty proud of Miami. Why? Seven hundred and seventeen of its eight hundred and sixty-eight elevator installations are by Otis.

## SQUARE ELEVATOR IN A ROUND HOLE

Why did Peter Cooper build a round elevator shaft in New York's Cooper Union in 1856? Legend has it, he thought a round car would carry more passengers than a square one. Today, a square elevator is doing the job very nicely. Rather upsetting to the old theory about a square peg in a round hole. What?



## COLLECTOR'S ITEM

Can a sudden avalanche of button pushing confuse a modern Otis apartment house elevator? Not in the least. It operates by 'collective control'. It simply 'collects' all the calls. Then it arranges them in proper floor sequence. One run UP or DOWN delivers everybody.



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Le Maire, prominent New York designer and colorist did the glamorizing. Attractive?

Would you like to read the fan mail received by Rike-Kumler in Dayton, Ohio?



With 257 offices located in every state of the Union, Otis is ready to help you plan, install and maintain freight and passenger elevators and Escalators for use anywhere.

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Home Office: 260 11th Avenue, New York 1, N. Y.

"Escalator" is a registered trade mark of the Otis Elevator Company. Only Otis makes Escalators.

they may expect to enjoy a fair cup of coffee.

A campaign has been started in the "Tight Little Isle" to get the Java right and less like a taste of the Missouri River at flood time. The National Coffee Association in New York is cooperating and has sent over an instructional film which ought to correct the English version of thin mixtures with plenty of boiling.

Some effect of the American invasion during the war is discerned in the rise of 30 per cent in coffee consumption in Britain over 1938. Tea, which is on the ration list, is a "pause" which is briefer refreshment by 25 per cent.

## Not to be sudden

SOME guesses made about atomic energy convey the impression that one of these fine days—say five, ten or 15 years from now—we will all wake up in the New Atomic Age. The country's power plants, all of them, will shut up shop overnight.

David E. Lilienthal, chairman of the U. S. Atomic Energy Commission, reassured the Chamber of Commerce of Boston recently on this score. There is no reason to believe, he said, that an atomic energy generating system will spring up suddenly and make obsolete the facilities which now supply our power.

"The development of atomic power will almost certainly follow the course of supplementing rather than supplanting existing economical sources of energy supply," he added. "Our judgment is that clearly no one should delay sound and economical additions to power supply, whether by fuel-generated electricity or water power, because somewhere in the future atomic energy will come on the scene as an additional source of supply. There will certainly be ample time to make whatever adjustment may be needed."

## Retail engineering

THE engineering approach is taking hold among big retailers. More is heard of what might be saved in the handling of merchandise, particularly in the receiving, marking and stock departments.

Some new stores are seeing to it that the replenishing of supplies does not have to wind through subterranean passages and other devious corridors to get to the selling counters. The required stocks are gathered close by, ready for customers who are carried comfort-

ably to the point of purchase by smoothly rolling escalators.

Some of the most forward looking merchants are talking about "engineered buying," a process by which they hope to avoid the wide fluctuations which often spell the difference between profits and costly mark-downs. They hope to arrive at engineering formulas which take some of the guesswork out of retailing.

#### No mole plants

A GRAVE error was made in the last war when a shipment of essential materiel was loaded on one boat which became the victim of submarine attack. Other ships in the convoy would make it safely but they might as well have stayed at home. The essentials were missing.

Evidently the military minds absorbed this lesson in logistics because we are not going to move our industry underground for the Atomic Age. Instead there will be dispersal of our armament industries, according to Gen. Jacob L. Devers, commander of the Army Ground Forces. The British scheme of scattered subassembly plants will be used. Atomic bombs will not knock out what we need for the flow of armament.

#### Ford or Cadillac?

AS A SIDELIGHT on the advent of a sellers' market, the old question was raised by a group of salesmen recently: Which works better, a Ford or a Cadillac?

What the question meant was whether the successful salesman "dressed up" to impress his customer and get his name on the order blank, or did he let the customer feel a bit superior and accomplish the same purpose.

The debate came to no solid conclusion—and it never has in many, many years, covering the period when loud check suits, a stiff black derby, huge watch charms and a flashing diamond stickpin were insignia of the traveling profession.

The discussion had its significance mainly because the debate has been resumed after a long lapse. Selling is beginning to take up where it left off.

#### Enough food

AS MARRIAGE, birth and population figures show increases even in war devastated areas, the question is posed again, as it was by Malthus—Will the increase in the



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*J. F. McFadden*  
PRESIDENT



# American Credit Insurance

PAYS YOU WHEN YOUR CUSTOMERS CAN'T

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

number of people outrun the food they need for existence?

Some interesting estimates are made by the Arthur D. Little organization of Cambridge, Mass., apropos of the award given Games Slayter of the Owens-Corning Fiberglas Corporation by the Industrial Research Institute. Mr. Slayter maintained that science holds the answer for building up food supply to demand.

In Mr. Slayter's home county (Licking County, Ohio) the *Industrial Bulletin*, issued by Little, points out, a hunter's economy could have supported 176 people. Primitive agriculture would support 4,000 to 8,000. Today, with a balance of agriculture and industry, the county supports 70,000. As an indication of the future, if all the county's land were cultivated as well as that of the ten best farmers, the area could support 175,000.

#### Watching credit

CREDIT men are not too happy these days and the reasons are not hard to understand. For one thing, they are well aware that lots of people started up in business on the boom wave without knowing too much about what they were undertaking. They are "war-shortage babies."

The second cause of unhappiness is that costs, particularly "break-even" costs, have jumped so high that even established concerns may run into difficulties when the tide turns a little.

So the nearby records are scanned carefully. Last year total failures were three times those of 1946. Wholesalers made the worst showing when the failure rate was four and one-half times what it had been. Retailing was not far behind with a rise to four times the 1946 figures. Mining and manufacturing were less than three times higher.

#### Peanuts

OUR total subsidies and grants-in-aid have declined sharply since fiscal 1939 when they totaled almost \$4,500,000,000 and represented 89 per cent of federal revenues. The figure has been cut by \$2,000,000,000 and the tremendous rise in revenue has reduced the percentage to six per cent.

In less exciting times, however, there would probably be a determined drive to cut the sum further and to investigate and "expose" some blatant examples of soaking taxpayers for the benefit of a priv-



## Your Governor Calls You To Help the New National Guard

**GOVERNORS** of all 48 states, Hawaii, Puerto Rico and District of Columbia urge every American—urge *you* to help the new National Guard in your community.

**YOUNG MEN**—offer your services to your country for a few hours each week—enlist *today* in the new National Guard.

**BUSINESSMEN**—give your Guardsmen employees regular military leave to attend summer camp—in addition to their regular vacations.

**HOMEMAKERS**—encourage your men-folk in their Guard activities and tell other women about the new National Guard.

### EVERY AMERICAN CAN DO SOMETHING TO HELP THE GUARD!

*For information, see the commander of the National Guard unit in your community or write the Adjutant General of your State.*

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Here's how  
the National Guard Helps You

Pay ★ Education  
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Then, for the clincher in your advertising, you can use a statement like this: "See your Classified Directory for the (your brand name) dealer nearest you." Thus, the merchandising circuit is complete between your advertising, your prospects and your outlets.

The effect? Present users will tell you that Trade Mark Service is a sure way to direct prospects to dealers... to prevent sales lost through substitution.



For further information, call your local telephone business office.

ileged few. Over a period of 15 years some \$11,000,000,000 have been paid out to farmers alone.

Industry is glad to see agriculture prosper because it shares in that prosperity. But some of its representatives are beginning to ask that the brakes be applied to subsidies which shove up the cost of raw materials and at the same time pull down purchasing power, via taxes on segments of the population which don't benefit through government largess.

The National Association of Purchasing Agents, for instance, calls attention to peanuts, which have jumped so high in price that the candy and butter makers have lost their markets. "The solution now proposed," the association says, "is to subsidize the consumer—have the Government buy at the high price to keep it up, and sell at a loss to get people to eat them."

### We Meant "Proportionately"

HAROLD KELLER, of the New York State Department of Commerce, takes justifiable exception to the statement in our March number that "some of the states that have long been seats of political power—New York, Pennsylvania, Illinois and New Jersey—have lost population."

In rebuttal he quotes Census Bureau estimates that put New York's civilian population for July 1, 1947, at 14,066,000—a gain of 4.5 per cent over the figure for 1940. Certainly this is not a population loss.

With Mr. Keller's more accurate figures, the conclusion which our article drew—that the political balance of the country is shifting to the west—would still be accurate.

Rep. Harold F. Youngblood, of Michigan, of the House Committee on Post Offices and Civil Service which will handle reapportionment legislation growing out of the 1950 census has projected present population trends into 1950. He finds that the reapportionment will give California seven more House members; Washington will gain one; Oregon one. New York will lose three; Pennsylvania, two; Illinois one and New Jersey one.

Such estimates of political trends have nothing to do with economic growth and development. The older states of the mid-Atlantic and mid-west are doing mighty well at last report.

► TAX BONUS of 1948 takes effect this month.

Don't underrate importance of income tax cut, its possible effect on your business.

Soldiers' bonus of 1936 brought boom on less cash—and it was spread over longer period.

(Tax cut impact is lessened by fact that national income rate is more than three times greater than in 1936.)

Senate finance committee estimates new rates will leave an extra \$279,000,000 in taxpayers' pockets monthly this year. That's \$2,232,000,000.

Soldiers' adjusted service certificate payments totalled \$1,773,000,000 in fiscal 1936 plus \$557,000,000 in fiscal '37.

That makes \$2,330,000,000—almost the same as cash effect of this year's lower tax rates.

Balance of \$4,800,000,000 tax cut will take effect early in 1949 through adjustments, rebates on final returns.

In 1936 cash bonus brought increased sales that spread effect throughout U. S. economy.

► WHAT DIRECT EFFECT will military expenditures have on this year's business?

Program contemplated now will have very little.

Let's look at the figures:

President's estimate of expenditures for national defense in fiscal year starting next July 1 was \$11,000,000,000.

That included \$400,000,000 for UMT. Eliminate UMT and President's estimate was \$100,000,000 below current year's expenditures.

Supplemental estimate adds \$3,000,000 plus \$375,000,000 in contract authorizations.

That's less than 1½ per cent of nation's current annual production rate.

But note President Truman's statement that only \$1,700,000,000 of proposed amount would be spent in next fiscal year.

That means added load of less than three-quarters of one per cent on present production (goods, services) rate.

Program calls for very little cash distribution this calendar year.

It states intentions, paves way for planning, hiring, training, for making commitments.

For example:

Actual delivery of aircraft is not scheduled until 1950 and '51.

Further expansion of Air Force will mean deliveries after '51.

What would it take to step up that schedule appreciably?

## MANAGEMENT'S *Washington* LETTER

In the words of a well informed air industry man:

"Super emergency and super priorities."

► MORE EFFECTIVE ON business this year will be war psychology produced by succeeding world political crises.

"Get while the getting's good" thinking will produce fluctuations, sales spurts and dips as war scares rise—and fall.

General trend will be to soften or delay downward adjustments in last half heretofore expected as result of filling pipelines, the balancing of supply and demand.

Psychological effect plus commitments on defense already bring official talk of allocations of steel, some other scarce metals late in year or next.

► U. S. IS GETTING a bigger stick, not preparing for war.

If war emergency should develop, impact would bring quick repercussion throughout nation's economy.

Allocation of men, materials and facilities would come almost at once.

Wage and price pressures would bring immediate demand for controls.

Changeover would be much more abrupt than in first stage of last war.

That's because last war put idle men, idle capacities to work.

U. S. entered 1940—when defense program opened—with more than 9,000,000 unemployed.

Steel production was running at 64½ per cent of capacity.

But emergency today would be added on top of an already fully occupied economy.

Unemployment is near its irreducible minimum. Steel (except for strike-caused interruptions) is as near capacity level as possible.

Production is nearly double prewar, commodity prices more than double.

Emergency under these conditions would mean immediate diversion from present pursuits to the war job.

► AT SAME TIME U. S. is in position far to surpass record production achievements of last war.

Expenditures for industrial plant and equipment are proceeding at annual rate

# MANAGEMENT'S Washington LETTER

of \$15,000,000,000—three times 1939 rate.

Greater percentage of labor force than ever before is highly trained, highly skilled in factory methods.

Steel capacity is nearly 15 per cent above prewar—and it's still rising.

Electrical energy capacity has jumped from 39,000,000 kilowatts prewar to 50,000,000 now—and is going up rapidly.

Synthetic rubber capacity developed during war quickly could be brought to peak level.

Fifteen hundred government-built war plants now in peacetime production could be restored to original purposes on short notice.

Three hundred others are standing by.

The nation's active industrial reserves never have been stronger.

► THERE'S NO INDICATION in Washington that stockpiling so far is taking short materials away from industry.

If Government decides it must dip more deeply into materials markets it will be several months before effect is felt in distribution lines.

That gives you opportunity to check with suppliers, set up substitute supplies or lines.

► THERE'S HIGHER TAX talk among many congressmen.

Here's how it sounds:

Defense program as it stands now will not require higher tax rates if collections continue at present level.

Nor will Selective Service force increased rates—if limited to 250,000 (or so) men.

But, if world events bring expansion of draft, you can expect higher taxes in 1949.

These would be return of excess profits, higher rates on personal income, but with community property provision retained.

► WHITE HOUSE TALK of ERP-created need for economic controls overlooks this point:

ERP will reorganize U. S. exports, not add to normal shipments.

Government program exports will rise this year compared with last, but commercial exports will drop in similar volume.

Last year's record high export volume was \$19,600,000,000.

There's doubt that this total will be duplicated this year, including ERP.

► WORLD ECONOMIC rehabilitation program brings some big U. S. orders—but cuts others.

Cotton textile trade now expects export volume about half of last year's.

They blame this unhappy outlook on rapidly rising cotton textile production in Germany and Japan.

One textile agent reports loss of a 1,000,000 yard order from West Africa. He found it went to Germany.

Although exports in 1947 were only about 9 per cent of cotton textile output, slowdown in foreign markets has widespread effect at home.

Some fabricators delay ordering, wait to see if relatively greater supply brings lower prices.

Producers explore world markets, seek ways to boost exports, maintain maximum production.

► ELECTRIC POWER industry will add nearly 10 per cent to capacity this year.

It will cost \$2,000,000,000.

That's 50 per cent above last year's expansion expenditures, nearly three times those in 1946.

Power companies plan to add even more generating capacity next year, end 1951 with 50 per cent more than they had at start of 1947.

► DON'T TAKE TOO seriously reports that uncertain prices have cut deeply into farmers' demand for goods.

Even if grain prices take another tumble with improving crop reports, farmers' purchasing power still will be sky high.

Look:

They've had seven straight years of record crops at record prices.

Their current income (compare it with yours) is running three times 1940 rate.

Their savings total \$23,000,000,000, which is five times their 1940 total.

Don't overlook this point:

These figures have substantially raised standards of living of farmers.

Not only are they a rich, big market for necessities, they constitute a strong market for luxuries.

What once was a luxury on a \$4,000 farm income easily becomes a necessity on a \$12,000 income.

► HERE ARE SOME figures which can be used in measuring the over-all consumer market:

Current income rate is \$210,000,000,-

000 compared with \$72,600,000,000 in 1939.

Remaining after federal income taxes, the figures are \$183,000,000,000 compared with \$70,000,000,000.

After adjusting for higher cost of living, total consumer income is 60 per cent above the prewar level.

One major factor: Employment has increased 25 per cent during period.

► **TIME PAYMENT PLAN** to enable airlines operating at loss to obtain needed new planes is being prepared.

Main problem: How to enable lenders to finance aircraft, yet protect them from loss in case of airline bankruptcy.

Carriers contend new, more efficient equipment would pay for itself. But they haven't the money to get it.

Glenn L. Martin suggests banks, RFC form equipment trusts, lease new planes to operators.

Monthly payment schedule would pay for planes in five years.

But there's legal question concerning trustee ownership if operator fails.

Some state laws would hold trustees liable with operators in accidents.

Rights of ownership or mortgagors of aircraft in international transit are not clear.

Lawyers for aircraft makers, operators are at work on these obstacles, hope to come up soon with solutions acceptable to bankers, RFC.

► **INDUSTRIAL AND BUSINESS** managers in occupied Germany get guarded warnings against "collaborating" with western powers.

These irritants are effective because managers don't know—for sure—for whom they are working.

When Berlin was divided between four powers Russia grabbed financial section.

In vaults of Germany's principal banks Communists found bearer shares covering ownership, at least in part, of industry scattered throughout Germany.

Western powers don't know extent of these shares or what's become of them.

Neither do the present operators of business and industry in American, British, French zones.

Thus they don't know who might turn up as their bosses, owners, in some future legal tilt.

Communists capitalize on this point to press Red interests, impede economic cooperation in western zones.

► **CURRENT FIGURES** on Communist party membership in American zone of Germany demonstrate power pattern.

Plant records show party membership

## MANAGEMENT'S *Washington* LETTER

among employes ranging from 6 to 8 per cent.

But Communists find their way to 20 to 80 per cent of the seats on workers' plant councils.

These councils demand—and in some cases get—voice in top management policy matters.

► **ESCALATOR CLAUSES** may return to sales contracts as result of price uncertainties.

Manufacturers who book orders long in advance of delivery are concerned with effect of rising wages in their own, and in suppliers' plants.

L. A. Peterson, Otis Elevator president, told stockholders Otis will watch costs, return to price adjustment provisions if wages do not stabilize.

► **IF YOUR CITY** is planning or improving its airport, it might pay you to check on its location.

Akron (Ohio) spent \$4,500,000 over 20 year period developing municipal airport five miles from city's center.

Now Civil Aeronautics Board has approved airlines' move to war-built port 17 miles from Akron's center, on grounds it has higher elevation, is freer of smoke and ground fog.

► **BRIEFS:** Navy couldn't wait for its own, borrowed 50 jet fighters from Air Force production to train pilots....General Electric's new turbine generator delivery schedule: 10,000 kilowatt or larger, three years; smaller, one year or less....Scotch whisky imports will total 8,500,000 gallons in year starting this month. That's 9 per cent more than last year....Atomic Energy Commission has 4,900 direct employes, 60,000 more through contractors....Biggest inch: Texas Eastern Corporation bought wartime Big Inch pipelines (21 and 24), now plans another of 26 inches along same line....Air Transport Association says 32.7 per cent of Class 1 passengers—airline and Pullman—were airborne last year....More than 24,000,000 U. S. homes are cooking with gas. That's 48 per cent rise in 10 years....You should look and smell better this year. Toilet goods lines expect sales to pass \$900,000,000, shoot 30 per cent above last year's.

*In businesses as different as Laundries...*



*Savings and Loans...Installment Houses...*



*National Mechanized Accounting saves up to*

30%

Daily, new users in every type of business turn to National Mechanized Accounting for fast, efficient service. In addition, they get savings up to 30%! Savings which often pay for the whole National installation in the first year—and then

go on year after year. Some of these concerns are large, others employ but 50. Could you cut costs correspondingly? Check today with your local National representative—it's the best way to find out. His answer may astonish you!

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CASH REGISTERS • ADDING MACHINES  
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# TRENDS



## OF NATION'S BUSINESS

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### *The State of the Nation*

HERE is a great difference between statesmanship and improvisation. By statesmanship we mean the orderly conduct of a policy which has a definite and attainable objective. The operation may be hazardous, but the chances must favor success. And the major risks involved must be calculable and so far as possible calculated. Otherwise, what we have is not statesmanship but recklessness.

Improvisation is not necessarily reckless. It may, indeed, be excessively cautious. What does characterize improvisation, as distinct from statesmanship, is superficiality and uncertainty. Improvisation is a hit-or-miss procedure. There is no continuity of policy and no master plan. Action is not coordinated with any enduring or positive aim. In consequence, what is done today may be undone tomorrow, and what is attempted in one sphere of activity may actually impede simultaneous endeavor elsewhere.

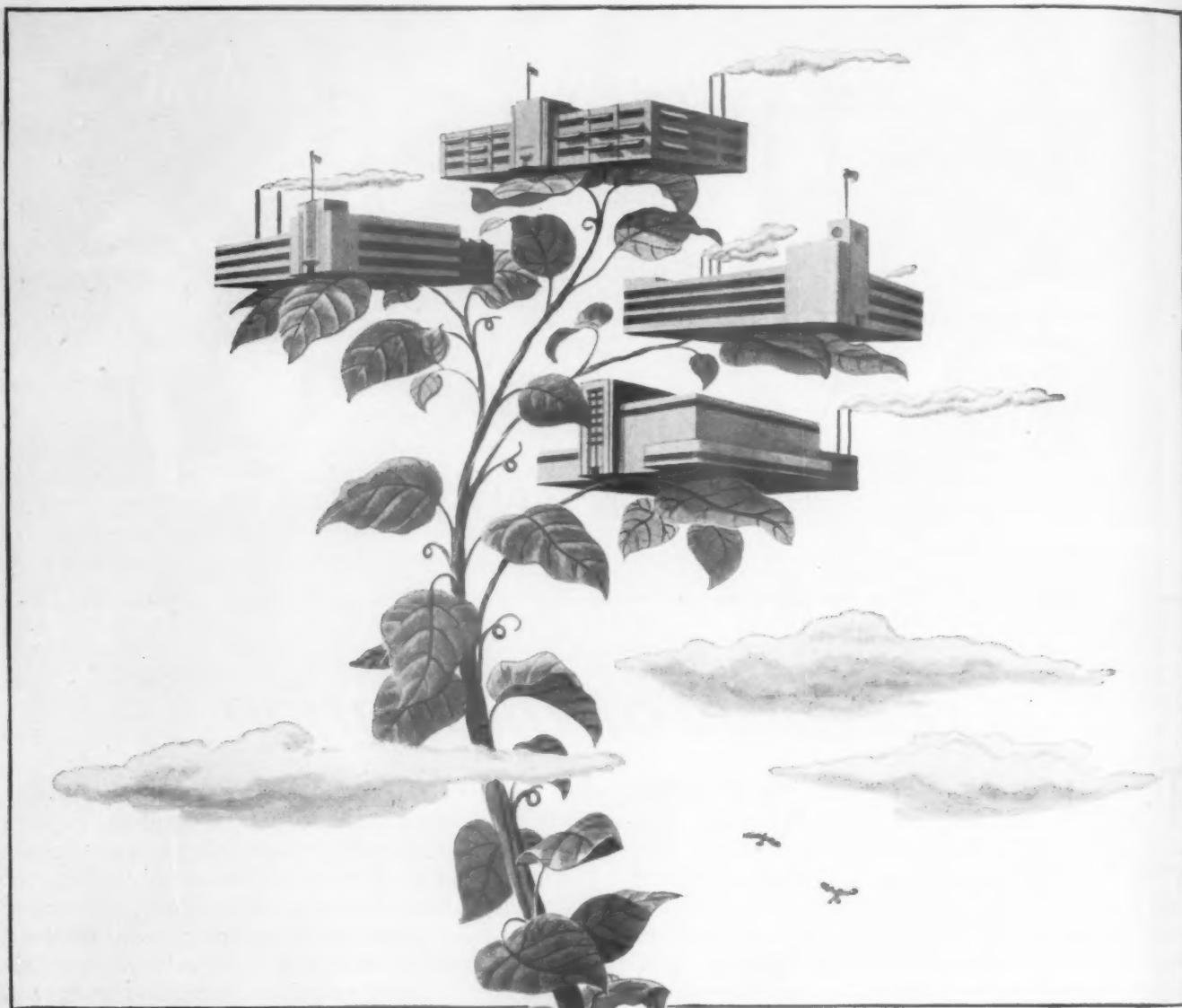
It may be stated as a law of politics that the more democratic the government of a nation, the more likely it is to improvise in the conduct of foreign policy. This is a field of governmental activity about which the average man inevitably knows very little. Indeed, the more that he knows about his own community, and the more interest that he takes in local affairs, the less time there is at his disposal for careful study of international relations. An excellent citizen of Keokuk or Wichita may still know nothing about the issue of a partitioned Palestine, or a Korea divided along the thirty-eighth parallel.

Nevertheless, under our political system, the citizen is theoretically supposed to inform himself on every issue in which his Government is deeply involved. And if his sons are to be drafted, for service in Palestine or Korea, his interest in those places is personal as well as theoretical. Between interest and understanding, however, lies a wide gap, laborious to bridge. And few can aspire both to serve their own community helpfully and to acquire competence in the problems of alien peoples.

Yet our political creed maintains that opinions—true or false—should be expressed, and that governmental policies should be adapted to the opinions which are momentarily dominant. Clearly, if the majority opinion is ignorant of the very nature of the problems involved, its effect on national policy is more likely to be injurious than helpful. The actions of the most competent career diplomat are almost certain to be improvised if he must keep one eye focused on newspaper columnists; one ear tuned in to radio commentators. Under such circumstances, it is like crying for the moon to ask for statesmanship. We should expect improvisation, and that is what we have.

#### **Our Interest is at Home**

There is nothing new in the suggestion that the defects in democratic institutions are brought to light in the conduct of foreign policy. That is the theme of Washington's famous "Farewell Address." And the point was emphasized at some length by that brilliant French observer, Alexis



## They Grow Like

INDUSTRIAL PLANTS just grow and grow and grow in the fast-growing Southland!

Here a new factory "shoots up" almost every day...310 located along the 8,000-mile Southern Railway System last year. And like the thousands of established industries, young and old, they're finding the sky's not even the limit to their expansion and prosperity.

That's because the up-and-coming South

## Jack's Beanstalk

has all the elbow room any industrial giant would ever want... has enough economic and natural nourishment for thousands of additional new factories.

So bring your industry to this amazing opportunity-land and watch it grow like Jack's beanstalk.

"Look Ahead—Look South!"

*Ernest E. Morris*  
President



## SOUTHERN RAILWAY SYSTEM

*The Southern Serves the South*

de Tocqueville, when he visited this country during Jackson's first administration. In his *Democracy in America*, de Tocqueville wrote:

"Foreign politics demand scarcely any of those qualities which are peculiar to a democracy; they require, on the contrary, the perfect use of almost all those in which it is deficient. Democracy is favorable to the increase of the internal resources of a state; it diffuses wealth and comfort, promotes public spirit, and fortifies the respect for law in all classes of society: all these are advantages which have only an indirect influence over the relations which one people bears to another. But a democracy can only with great difficulty regulate the details of an important undertaking, persevere in a fixed design, and work out its execution in spite of serious obstacles. It cannot combine its measures with secrecy or await their consequences with patience. These are qualities which more especially belong to an individual or an aristocracy; and they are precisely the qualities by which a nation, like an individual, attains a dominant position."

De Tocqueville was wrong in thinking that its democratic qualities would prevent the United States from attaining "a dominant position" in world affairs. He did not anticipate that suicidal wars would so weaken other nations as to force the American Government to exercise the strength at its command in every quarter of the globe. But de Tocqueville was not wrong in thinking that we would find it very difficult to "regulate the details of an important undertaking" in the foreign field. To cite the mournful evidence on the subject would be superfluous.

Our participation in the last war, and our leading role in designing and establishing the United Nations, are commonly supposed to have settled the "Isolationist" vs. "Internationalist" issue. But the underlying problem which alone gave reality to this barren controversy is more acute now than it was ten years ago. This problem is whether the political institutions of the United States are of a nature which will support the present foreign policy of the United States.

There is all too much reason for answering this question in the negative. For our present policy calls insistently, first for centralization of power, and then for the swift and unhampered exercise of that power by a governmental elite. But our political institutions are all based upon the assumption that governmental power should be decentralized and divided, and that its exercise should be continuously subjected to public criticism, regardless of the extent or quality of the information on which the criticism is based.

Nobody likes to face up to this problem. Even in private life nobody likes to admit that action in one direction involves sacrifice in another. We would all like to eat our cake and have it, too. But the individual generally learns to face alterna-

tives, and to choose his course resolutely, if not always intelligently.

It is by no means certain that this can be said with equal assurance in the case of a democratic nation. In theory, certainly, democracy encourages the sense of individual responsibility. The American Government is *our* government, and we are all eager to do what we can to improve our community, our state and our federal union. But equally unquestionable is the fact that everybody's business is nobody's business. In theory we agree that conditions in Trieste or Jerusalem are our business, because our Government has assumed responsibilities there. But in practice all we can do is pay taxes, or let our sons be drafted, to care for these distant problems. And that is not voluntary cooperation. It is enforced—from Washington.

## TRENDS



### OF NATION'S BUSINESS

So we are uneasily aware that a very profound strain, unknown to our forebears, is now affecting the American people. A federal Government designed to promote home rule is now undertaking functions which insistently demand centralization of power. Moreover, those functions—to be successful—must be handled by experts, without popular interference which is sure to be affected by ignorance, emotion or group interest. Yet it is of the essence of the traditional American system that citizens, individually or collectively, should attempt to direct their government toward a particular course of action. That is democracy.

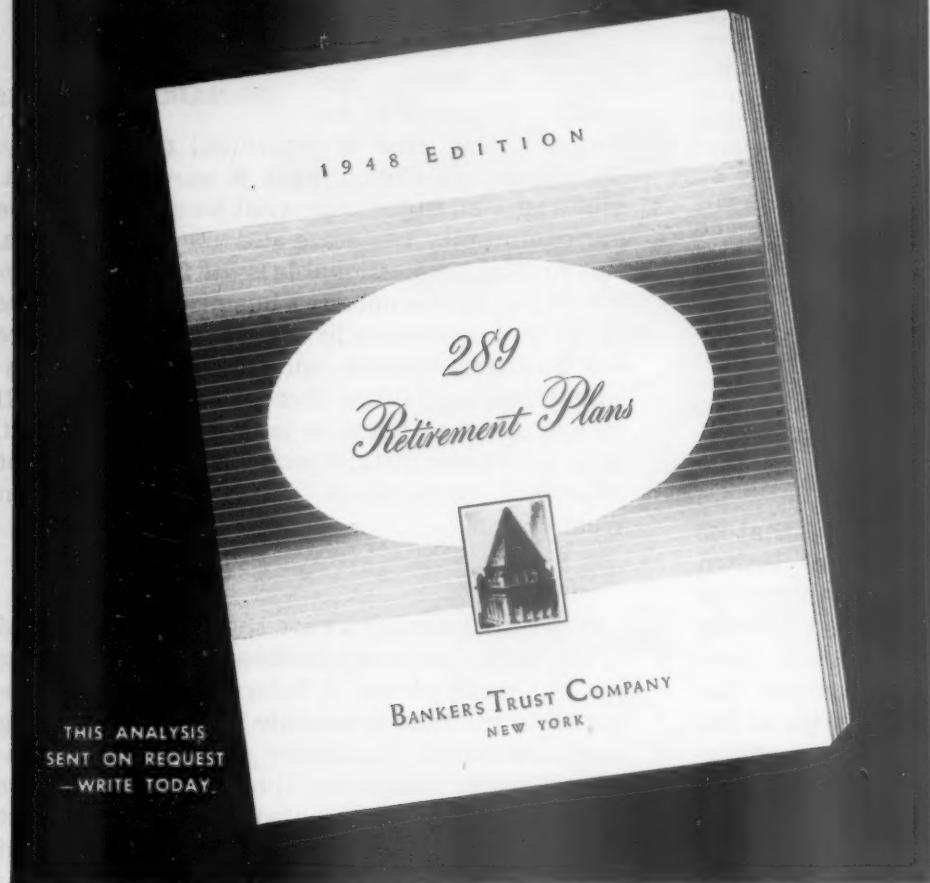
Indications of this new strain are accumulating—and rapidly. The humiliating imbroglio of Palestine is merely one illustration, but it is particularly disconcerting because there a tragic outcome was clearly produced without malevolent design. The same, on a larger stage, can be said about the condition of the postwar world as a whole.

A people collectively are inclined to dodge the pitiless decisions which individuals learn to confront with philosophy and fortitude. But history tells us that, when a people refuses to face an issue, events determine the outcome for them. It has happened in our own country. It was the attempt to evade the issue of human slavery which made the Civil War inevitable.

The inherited institutions of the United States are based on local government and democratic control. The developing policy of the United States demands centralized government and aristocratic direction. Either our institutions or our policy must be altered. That is the issue. It will become more, not less, insistent.

—FELIX MORLEY

An analysis of 289 pension plans in 73 industries—a valuable guide in setting up a new plan, or bringing an old plan up to date.



THIS BOOK ANSWERS  
THESE 9 QUESTIONS

What type of company?

How many employees?

What year was the plan made effective?

What are the conditions of eligibility?

What are an employee's rights prior to normal retirement?

How much do employees contribute?

How is the pension plan funded?

How large are the pensions paid on annual salaries of \$1,200, \$3,000, \$5,000 and \$15,000?

How are some companies revising existing plans?

## How are these 289 companies solving the Retirement Plan Problem?

**PENSION PLANS IN THESE AND  
29 OTHER INDUSTRIES ANALYZED**

Air Transport  
Aircraft  
Manufacturing  
Automobile  
Baking  
Building  
Business  
Equipment  
Chemical  
Clothing  
Manufacturing  
Communications  
Confectionery  
Cosmetics  
Dairy  
Distilling  
Drug  
Electrical  
Equipment  
Farm Equipment  
Financial  
Food  
Glass  
Household  
Appliance  
Insurance

Leather  
Machinery (Heavy)  
Machine Tool  
Meat Packing  
Non-ferrous  
Metals  
Optical  
Paper  
Petroleum  
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Public Utility  
Publishing  
Radio  
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THIS new 105-page book, written by pension specialists, gives you facts and figures showing how 289 companies in 73 industries are solving their retirement plan problems... and how amendments have improved existing plans.

It provides you with a quick, simple method of applying the experience of others to your business.

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age employees—and how companies of comparable size in different industries meet this same problem.

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# The Month's Business Highlights

NEVER has there been a time when more was happening. Developments of the most fundamental character, affecting business in all its ramifications, are taking place at home and abroad. After much backing and filling, the foreign policy of the United States has become more coherent and determined. This has been an important factor in improving the outlook for Europe. Superimposing a preparedness program on the Marshall plan has made domestic problems more difficult.

Crystallization of solidarity among the western nations is the most promising development. It means increased production. The world's greatest need is increased supplies of food, consumer goods and certain scarce materials. The ability of the non-communist world to cooperate effectively and its determination to organize its great resources has impressed the Russians. Their power to keep western Europe in a state of turmoil is diminishing. Industrial and agricultural development in Europe could make progress only with difficulty as long as fear of communist domination was widespread. A new determination to be ruled by their own majorities rather than by minorities under foreign control is evident in those countries.

## New Morale in Europe

Strengthening of the American military establishment and adoption of the Marshall plan have been particularly potent in creating a new morale in western Europe but they have not been the only factors. Russia's move in Czechoslovakia was considered evidence of weakness rather than strength. As its own industries were not adequate to support a war, it became necessary to absorb an industrial country. The ease with which that was done, however, aroused other countries to take more determined steps in their own defense. The new unity thus promoted increases the prospects for effective operations under the European Recovery Program. It also demonstrated that, although conquests by fifth columns may be relatively bloodless while they are occurring, they become bloody indeed after they succeed. Realization of that fact seems to account for the new determination in many countries to stamp out communism and to stop Russian expansion.

The new unity thus promoted will increase the prospects for effective operations and will stimu-



late production abroad. This will gradually reduce the strain on American supplies and facilities.

Even with the Marshall plan, exports in 1948 are expected to fall 15 per cent below the total for 1947 which exceeded \$15,000,000,000 in value. A part of the decline this year will be the result of tightened export controls, and of lower supplies of dollars and gold holdings abroad. If the necessity for rearming had not arisen, some easing of prices would have been likely. Early additions to appropriations for the national military establishment may be modest, but the ultimate figure seems certain to be large. Requirements of that program will be in areas where peacetime demand exceeds supply.

Reduction in taxes releases additional purchasing power, and such increase in the amount of take-home pay is an important factor in considering wage increases.

Nothing adds to the problems of inflation control as much as wage increases. A less restrictive rent control law is adding to the demands for higher pay. This is particularly true in industrial centers where the majority of workers rent their homes. Under the modification of the law made last June, rents have been rising at the rate of one per cent per month. Under the new law, a more rapid increase is expected. Shelter is a fixed charge that, in some cases, constitutes as much as one fourth of living costs. Food costs can be reduced by using less expensive items. With all this, it is hard to see how prices can do anything but rise.

One of the arguments advanced for liberalizing rent control was that it would encourage construction. The extent to which this will be true is in doubt when preparedness expenditures really take hold. When government competes for supplies, experience indicates that limiting factors are materials and manpower rather than money. Housing now has new competitors for men and materials—the European Recovery Program and the armed services. They were not in sight a year ago.

## Emergency Aid by Business

Business men were quick to respond when the possibility of a new emergency arose. New advisory committees were set up. Existing committees took on new life. The situation called attention to the extent to which Government relies on

# We know how to PLAY, too!



**LIVERMORE RODEO**, famous as "fastest rodeo in the world." Held every June. One of Nation's greatest sports spectacles.

*The NATURAL Industrial Center of the NEW West*, our 12-year-old slogan, has sold Metropolitan Oakland Area to the Nation as the outstanding industrial section of the Eleven Western States. But too few realize that this also is a great all-year playground.

Nature has been good to us by supplying an invigorating mild-the-year-round climate and world famed scenery. From the pre-gold days of the Spanish Dons have come down to us the love of outdoor fun, fiestas and the joy of living.

So we appreciate the importance of offsetting work with play.

**LAKE MERRITT**, mile-long salt-water lake in the center of Oakland, is water sports center for entire Area and locale of many civic celebrations. **4400 ACRES OF REGIONAL PARKS**, a semi-wildwood area, stretch along the hills overlooking the cities and Bay—golfing, hiking, riding, swimming, boating, picnicking and camping.



**YEAR 'ROUND GOLF**, with midwinter tournaments. Fishing, yachting, hunting, skiing in the Sierra Nevada, and many another sport—and just good old loafing in the sun.



*And our workaday life is better.* Employer and employee alike can live in a garden-set home within easy distance of factory or office — on suburban scenic site or sunny country acres, wooded canyon or rolling hills. No extremes of heat and cold — an ideal working climate. Factory construction costs less. Temperate weather makes possible around-the-calendar production and outdoor operations.

## Write for these Free Booklets!

"How to Win the Markets of the NEW West" contains facts, figures, photos and maps that show why Metropolitan Oakland Area is the best factory location from which to serve the Eleven Western States. "Scenic Center of the NEW West" tells about our scenic, residential and recreational attractions. Special Events folder covers California Gold Discovery Centennial celebrations, fiestas and other attractions. Which shall we send you?

METROPOLITAN OAKLAND AREA  
389 Chamber of Commerce, Oakland 12, California



**SCENIC CENTER OF THE NEW WEST**, Metropolitan Oakland Area is within easy touring distance of Yosemite, the Mother Lode of the days of '49, Monterey, Carmel; the gigantic trees of The Redwood Empire, Lake Tahoe and scores of other places you will want to visit.



7807

## The NATURAL Industrial Center of the NEW West

ALAMEDA • ALBANY • BERKELEY • EMERYVILLE • HAYWARD • LIVERMORE • OAKLAND • PIEDMONT • PLEASANTON • SAN LEANDRO • RURAL ALAMEDA COUNTY

those voluntary committees. Many of them exist in every agency of government. In ordinary times little is heard of the large amount of work done by such groups.

The Business Advisory Council for the Department of Commerce meets every two months to discuss the general business situation. It is composed of 60 leading business men who serve without pay but who take the assignment seriously. One fourth of the membership moves periodically to the "graduate" list to make room for new blood. More than 200 outstanding men have been chosen for service on that council since its organization in 1933. Advisory committees form essential parts of the reorganized Munitions Board and the new Security Resources Board. Advisory committees constitute the backbone of the voluntary agreements law.

The Secretary of Commerce has appointed numerous industry committees to work out priorities, allocations and inventory controls in an effort to obtain the most effective distribution of scarce materials. Some apprehension is being felt that this law may be used to bring back mandatory controls under the guise of voluntary agreements.

Another example of an effective advisory committee is that representing associations dealing with retail trade. That committee was among the first called to Washington in the recent emergency to discuss the status of inventories. The retailers took advantage of the opportunity to plug for more complete statistics on inventories. The National Distribution Council also was called in and set new plans in motion.

• • •

To superimpose a large scale preparedness program upon an economy that has no reserves of manpower, plant capacity or transportation facilities would require drastic reduction in civilian supplies. This would require more drastic controls and enforcement than were in effect during the war. Respect for controls has fallen so low that it would be difficult to make them effective when few think war is likely. An armament program cannot go much beyond the planning stage without appropriations.

It seems improbable that appropriations will be expanded to the point that would make return of controls necessary. If there should be a period without further untoward developments, the sentiment favoring heavy military expenditures would be inclined to cool. At the same time ordinary prudence will prompt certain preparatory steps that will cost money.

Proposals for detailed studies of a plan for all-out control in the case of another war have some backing. The thought is expressed that debate in Congress on such a bill would bring home to the country the amount of regimentation that prob-

ably would be employed the next time. This probably would include proposals to draft property as well as men; to freeze wages, profits and prices and drastic measures intended to discourage black markets.

Before any large sums can be spent on armament much basic planning must be done. Both the Munitions Board and the National Security Resources Board have become busy centers. Their offices in the Pentagon Building are reminiscent of the days when the War Production Board was in the formative stage.

As it is so apparent that the country gradually will be brought to a higher level of military strength, demand may be expected to continue to exceed supply. Much of the uncertainty as to the course of prices has been removed. This is an incentive to the accumulation of inventory. Manufacturers' inventories already are more than double the prewar level. Before the Czechoslovakian incident this tendency to accumulate materials and merchandise was prompted mainly by the promise of sustained demand. In many sections of the economy that assurance has become doubly sure.

• • •

Under existing conditions prospects of broad price declines are so dim that they no longer are a restraining factor. Stocks of raw materials and of goods-in-process have continued to rise while supplies of finished goods in the hands of manufacturers are declining. Inventories in the hands of retailers during the first quarter of the year were being held down by the possibility of price decline and of a decline in demand. Those factors no longer have weight. Renewed efforts to increase inventories are in evidence in nearly all lines. One exception is men's clothing. The possibility that large numbers of men will have to don uniforms may cause decline in demand.

All of the inflationary forces are gathering strength. Commercial loans continue at a high level. Banks are in a position to supply the increasing demand. Real estate loans continue upward. Instalment sales are expanding. Consumer credit outstanding exceeds \$13,000,000,000. Demand deposits are turning over at an unprecedented rate. Savings are being used.

All indications point to an increased propensity to spend. Wage trends are upward and man-hour productivity shows a tendency to decline. Even loans for the purchase and carrying of securities seem headed for a higher level. One restraining influence continues in evidence. That is the hesitation that characterizes the capital market.

—PAUL WOOTON





Let fire kindle joy  
...but not disaster

*The Policy Back of the Policy—Our way of doing business  
that makes your interests our first consideration*

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*Stevens Point, Wisconsin • Offices Coast to Coast*

# Washington Scenes

THE REPUBLICAN Party thinks it hears the sweet, far-off rumble of a landslide.

It is being told that this is one year when it just can't miss, unless it deliberately kicks away its chances.

And who is telling it this? Embittered Democrats for the most part.

Ironically, they include some of the same New Dealers who, after the Landon debacle of 1936, were saying that the poor old G.O.P. elephant was dead and would never rise again. If there is poetic justice in this, there is also, perhaps, some kind of a moral—one involving death sentences on the bleeding and battered Democratic donkey.

The Democratic crepe-hangers of 1948 now see no hope for their own party; at least, so long as Harry S. Truman insists on being its standard bearer. The one man who might save the party, they say, is Gen. Dwight D. Eisenhower, who not so long ago was being asked to "save" the Republican Party.

It may seem surprising, but there are some Republican professionals who don't attach too great an importance to the crack-up in the Democratic Party. They would prefer to think that a G.O.P. victory was in the cards even before this crack-up came. These men are disciples of the school which puts its faith in "trends," in the inexorable swing of the political pendulum from one party to another. They make out a good case for themselves, too.

High tide for the New Deal, they remind you, came with the great Roosevelt victory of '36 which swept 46 of the 48 states into the Democratic column. From that point onward, with some fluctuations, the current has always been flowing toward the G.O.P.

Here, for example, is the record of Republican governors of states elected over a 10 year period:

1936	8
1938	18
1940	20
1942	24
1944	23
1946	25

The same irresistible trend toward the G.O.P. has been noted in the case of Congress.

In 1936 the number of Republicans in the United States Senate fell to 17. The graph thereafter in national elections was steadily upward—23, 28, 38, and, finally in the election of 1946, a jump to 51 and a clear majority.

Republican seats in the House, which num-



bered only 89 after the 1936 cyclone, jumped to 169 two years later. From 1938 on, incidentally, the coalition of southern conservatives and northern Republicans made it impossible for the New Deal to put through any important domestic reforms. In the 1946 election, the number of Republican House seats rose to 246.

Last November, when Kentucky voted out its Republican governor in favor of a Democrat, President Truman and his cohorts were greatly cheered. They concluded that the Republican trend had at last been checked. The strategists at Republican national headquarters, however, disagreed. They explained that the only reason a Republican had been elected in normally Democratic Kentucky, in the first place, was that there was a quarrel within the Democratic Party there—a quarrel which subsequently had been settled.

More important, in the eyes of Republican organization men, have been the special elections since the 1946 election. There have been seven of these, all involving House seats to which Republicans were elected, but which became vacant because of death or for some other reason. The elections have taken place in virtually every section of the country outside of the South, and the Republicans have won every one of them.

"That hasn't happened in 20 years," says William C. Murphy, publicity director for the Republican National Committee.

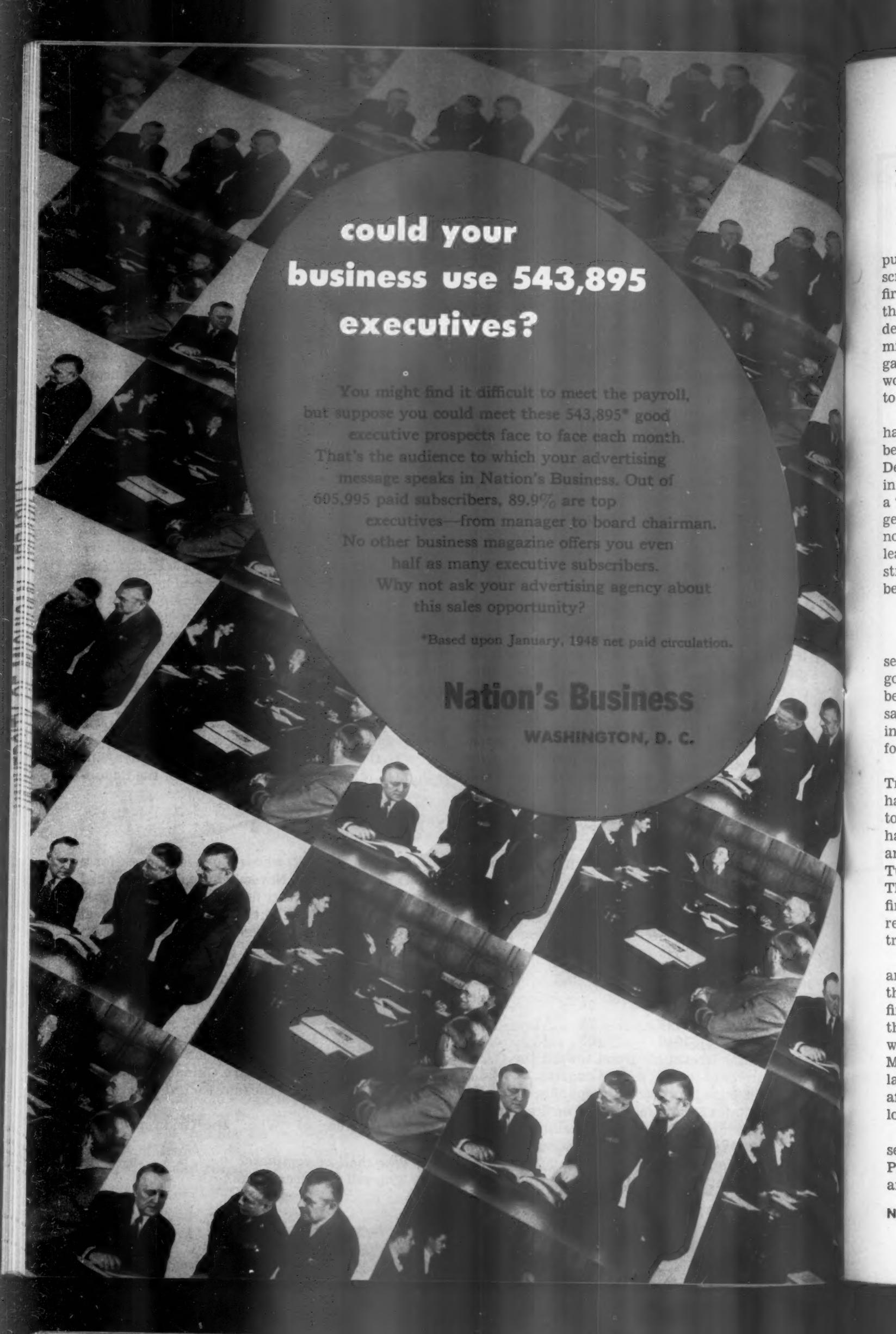
• • •

Some of the men whose job it is to work for a G.O.P. victory next November are a bit disturbed by the political picture as it exists today. So rosy is the G.O.P. outlook, they say, that there is a real danger that party workers will let down in their efforts, and thus not be prepared in case the Democrats begin to get the "breaks."

They see another danger, too, and that is that delegates to the Philadelphia convention will get it into their heads that the party can win with anybody. The Gridiron Club, at its April dinner, seized on this idea and had a lot of fun with it. The club put on a skit with a Chinatown locale—a satirical take-off on the familiar quip, "A Chinaman can win."

To the tune of "Who," the Gridiron chorus sang:

*Who shall we nominate?  
Who will take every state?*



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\*Based upon January, 1948 net paid circulation.

### Nation's Business

WASHINGTON, D. C.

*Taft, MacArthur, Dewey or Van,  
Martin, Stassen—we've got the man!  
Our peerless candidate  
Will win in forty-eight, who—  
Ever's on the slate; who? Why, any of you!*

It does, indeed, look now as if almost any Republican could win, which accounts for the wild scramble to get the G.O.P. nomination; if not for first place, then at least for second. But any party that failed to put up its best man—or, better, deliberately sidetracked an able one for one who might be more likely to play ball with the "organization" on such matters as patronage—would not be worthy of support and would deserve to go down to defeat in November.

In this connection, an interesting bit of gossip has been going the rounds in Washington. Herbert Hoover, they say, would like to see Governor Dewey and Senator Taft reach an understanding in advance of the convention. He doesn't propose a "deal." But he would like to see these two men get together, in the event neither can win the nomination, and join with other responsible party leaders in deciding just who would make the strongest and most attractive G.O.P. standard bearer.

• • •

What is it like, this Republican Party that seems destined to take over the whole national government in January, 1949? Well, it is a far better party than it was in 1932; even its critics say so. The biggest change, of course, has come in its attitude toward what is roughly called foreign affairs.

The foreign policy measures that President Truman has recommended since March, 1947, have been the boldest any Congress has ever had to tackle in peacetime. All have been aimed at halting Soviet aggression, both of the internal and external type. They began with the Greek-Turkish aid bill, the so-called Truman Doctrine. Then came the audacious Marshall plan, and, finally, the President's recommendations for a revival of the draft and enactment of a universal training law.

The vote on the Marshall plan was a good example of the tremendous change in Republican thinking. When that highly expensive plan was first sent to the Hill, there were predictions that the G.O.P. isolationists and Treasury watch-dogs would tear it to pieces. No such thing happened. Many Republicans, it is true, choked on the legislation, but their "Aye" votes were a thunderous affirmation that the Republican Party was no longer the party of isolation.

Indeed, the only truly isolationist party represented in Congress now is the American Labor Party. Its two members, Reps. Vito Marcantonio and Leo Isaacson, both of New York, echo the

thesis of Henry (One World) Wallace that all stop-Russia legislation was conceived by "Mr. Truman's Wall Street-West Point Cabinet."

Like the Democratic Party, the Republican Party is made up of many diverse elements. It has liberals, conservatives and reactionaries, and, over the years, it has had its bolts and schisms, as in 1912 with T.R. and in 1924 with the elder La Follette. There are many today who would like to see the Republican Party more streamlined in an ideological way. However, a study of political history would reveal that the G.O.P., like its rival, has always had its incongruous elements.

This is illustrated by a paragraph from T. Harry Williams' "Lincoln and the Radicals":

"No polyglot army of an ancient emperor ever exhibited more variety than did the Republican Party of 1860. Within its diverse ranks were radicals and abolitionists who wanted to destroy every vestige of slavery, moderates who had been content to restrict its expansion into the territories, Whigs, Free-Soilers, and anti-slavery Democrats, Eastern manufacturers who hoped for a protective tariff and Western farmers who favored free trade, hardened machine politicians and visionary reformers."

Thus it has been for nearly a century, until in the present era the G.O.P. has embraced such clashing personalities as Senator Taft and the political in-and-outer John L. Lewis.

## TRENDS



OF NATION'S BUSINESS

• • •  
A familiar complaint has been that there is no real difference between the two great parties. As Norman Thomas once said, "We are left with two major parties which a witty Frenchman compared with two department stores of Paris, the Louvre and the Bon Marché, 'both selling the same sort of goods to the same sort of people.'"

That is clever, and, admittedly, there is a lot of truth in it. However, it just doesn't stand up when one examines the record of Congress.

The Taft-Hartley law was strictly a piece of Republican "goods." True, it could not have been passed over the President's veto without Democratic votes, but it was Republicans who conceived it and Republicans who had the courage to put it through, in the face of threats by the most powerful labor lobby ever known.

That law, easily the most important piece of domestic legislation enacted by this Congress, will rank high in the chronicles of our times.

The threats of the labor leaders no longer worry G.O.P. office seekers. Generally speaking, they feel that the Taft-Hartley law will be a decided asset to them. —EDWARD T. FOLLIARD



## Have You Got Your Office Manager Buffaloed?

Could it be that you've sounded off so much about "spending no money at this time" that your office manager is *afraid* to propose capital expenditures—even those that will result in *immediate savings*? Is it possible that, unwittingly, you have encouraged him to resort to such costly expedients as excessive overtime and the employment of temporary help in an effort to maintain office schedules?

Your office manager knows that *today's work*

can't be done efficiently with *yesterday's* methods and equipment. He knows that there's only one *permanent* solution to the problem of rising office costs . . . and that is to modernize and mechanize your office just as you do your plant.

So why not tell him that you're willing to spend money to *save* money any day in the week . . . and that all you ask is to be *shown*? Burroughs Adding Machine Co., Detroit 32.

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THE MARK OF SUPERIORITY  
IN MODERN BUSINESS MACHINES



# Can Russia Win a Shooting War?

By JUNIUS B. WOOD



EUROPEAN



INTERNATIONAL

**RAILS:** The U.S. averages a mile of track for every 13 square miles; Russia, one for 148

**PEOPLE:** The Soviet's "distressingly low" standard of living affects her war potential and industrial efficiency

THE SOVIET UNION insists that it does not want a war with the United States. Under Moscow's definition of war, its insistence is truthful as of this date. Only shooting, and on a grand scale, is war as Moscow uses the word. The Soviet Union does not rate itself strong enough at present for a shooting war.

It is strong enough, and its tactics have been perfected over the years, for a political war. It is waging that sort of war with the United States as its chief enemy.

Washington was slow to admit that a war of politics was being won behind a barrage of words and broken agreements. That role of futility and frustration is ended.

On the day President Truman addressed Congress, Britain, France, Belgium, the Netherlands, and Luxembourg formed a 50 year economic and military alliance.

Western Europe and the democratic world are meeting the challenge. The costly lesson of other wars is not forgotten. Germany and Japan professed peace while their armaments were made ready. If their diplomatic aggressions had been met, the rest of the world would not have been caught unprepared. This time the weapons of peace and economy will be used in the political war to prevent another world conflagration.

So far, the Soviet Union has won every battle: 1940, Estonia, Latvia

and Lithuania; 1944, Yugoslavia and Karelia; 1945, Poland and Albania; 1946, Rumania; 1947, Hungary; 1948, Bulgaria and Czechoslovakia.

When Asia is included, some 750,000 square miles and 200,000,000 persons have been added to the empire where a picture of Stalin and the hammer and sickle look down on public meetings.

This political conflict locks the world in a social death grip between democracy and dictatorship, between free people and people who are ruled, between those who have a comfortable and safe living and others who follow a will-o'-the-wisp of false promises.

Democracy, as we know it, de-

mands that individuals and nations be strong for their mutual prosperity and happiness. Democracy, as Moscow misuses the word, means that one nation shall be strong and all others weak and obedient to its orders. Under the first, the weaker are helped until all can stand alone. That is the American goal. Under the other, the program will not be complete until all are subjugated. That is the Soviet goal.

The world war, which others fought to end all wars, was for Russia but another step in the greater program which stretches on through future years. America's thoughts and efforts were centered on finishing the big job. Com-

wrecking. The party faithful who obey orders from Moscow must work under their true colors. Light has been turned on them in government departments. Labor unions have decided that Moscow's policies are not for the good of the American workingman or American industry. Civic, social and political groups now identify the voices which echo an alien master.

Moscow professes to see this domestic housecleaning and our efforts to rehabilitate Europe as acts of aggression. For years it has dinned into the ears of its own people and the rest of the world that the United States is preparing for war. When that war comes, says Moscow, it will find the American

States? Is her industrialization far enough along to allow her to do so? Let's see how the record stacks up.

Materials and men must be mobilized to fight a war. More millions are needed for production than for fighting. In World War II, the United States shouldered much of the production burden for the Soviet Union. Lend-lease gave the U.S.S.R. a boost in the war, and reparations have primed the pump since then. The Soviet Union received around \$11,000,000,000 in lend-lease and has collected an estimated \$12,000,000,000 worth of material and equipment in reparations. In the same years, the United States distributed \$15,000,-



JULIEN BRYAN FROM EUROPEAN

**FUEL:** The U.S. gave Soviet oil production a big boost by donating four complete refineries



JULIEN BRYAN FROM EUROPEAN

**RIVERS:** Only a few modern vessels are in operation today on Russia's extensive network of inland waterways

unist eyes were, and still are, fixed on a more distant goal.

They do not fight the "cold" war with words alone. Under the clamor, Moscow has trained agents for revolution who work in their home countries, including the United States. They foment—underground in some countries, openly in others—strikes, riots, sabotage and trouble. Moscow and the Red Army are shadows in the background.

But the United States has learned fast in a few months. It realizes that communism and democracy cannot be mixed.

This wakening means that Communists will not be entrenched in American organizations to continue their war of words and

people divided, and partisans of the Soviet Union will take over the Government.

Moscow's Kremlin glories in an army of 3,000,000 and counts an additional 1,000,000 from its satellite states. Its field marshals declare that they could march to the English Channel and occupy all of Europe in 48 hours.

Moscow does not permit the world to see what is behind this immense army but facts which do leak out—differing from what Moscow distributes to frighten the world—are informative.

In spite of all the boasting and swaggering of the Soviet leaders, is Russia really in a position to wage a shooting war with the United

000,000 for rehabilitation in addition to lend-lease.

The Kremlin does not expect this performance to be repeated.

As for the countries brought into the Soviet orbit, less remunerative trade agreements have replaced reparations. Although Moscow can specify what it wants from them, none is likely to have such a reservoir of materials as the United States provided, and any cash trade with the rest of the world depends on Moscow's approval.

None of them is likely greatly to increase Russia's strength in the necessities for a modern war. The necessities include efficient workers, ample food supplies, smooth-running industry, sufficient output

of iron, steel and oil and, above all, transportation.

Although the Russian people do not know, the Kremlin leaders have no illusions about Russian potential in those fields.

**Workers:** Efficiency of the individual worker is a controlling factor in national production. The number of men or machines does not tell the story. Output is what counts. The doubtful efficiency of Soviet workers is a daily topic in the government-controlled press. Peasants and factory workers, supervisors, managers and even high commissars are pilloried as cheats and failures.

Nor do population figures indi-

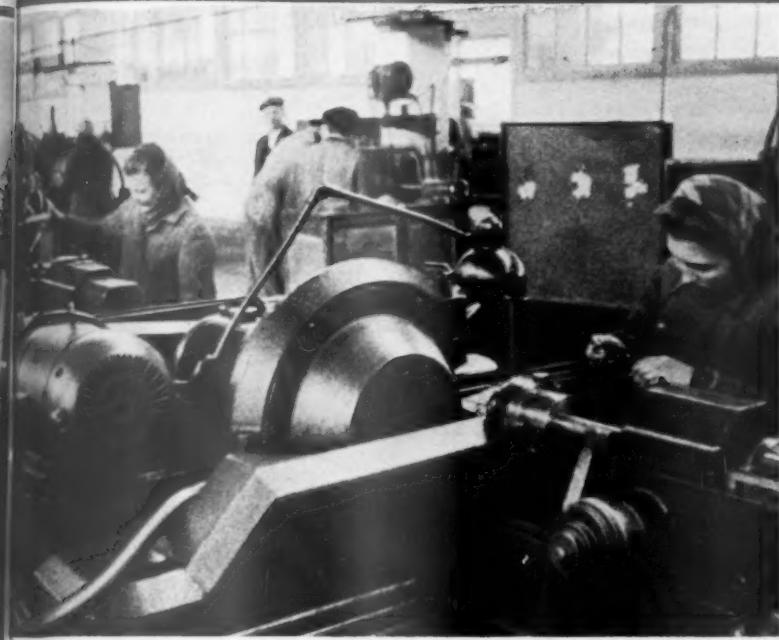
a heavy burden on the country's national economy.

**Food:** Without food the human machine stops quicker in war than in peace. Crops in fields or on the backs of animals must be processed to meet consumer needs or to supply armies. With every five-year plan, the workers and peasants are told that they are the most contented people in the world and that all their needs will be supplied when the brief program is finished.

The promised plethora of consumer goods never is realized and the ballyhoo starts for another five years of sacrifice. The present admonition to continue "doing without" is stimulated by hysteri-

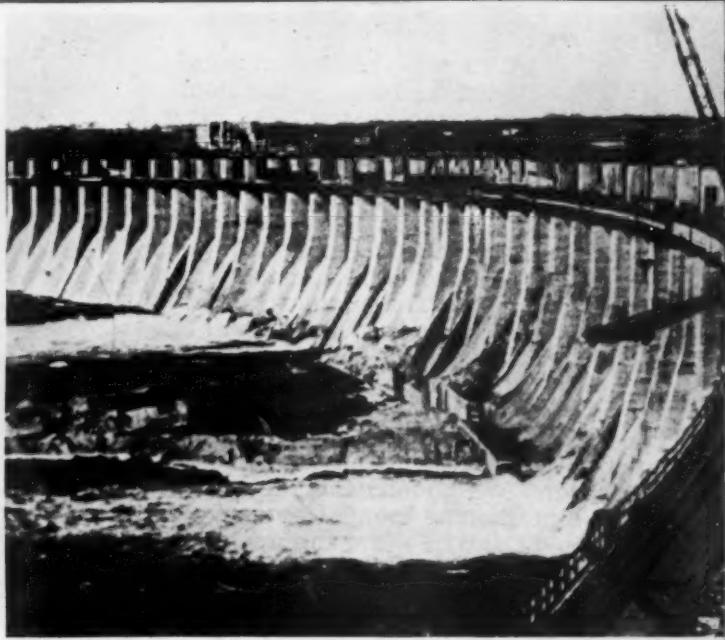
be had for 80 cents in the so-called "open" stores. The official price for milk was 80 cents a quart but the only supply was in the open stores which charged \$1.60 in December and \$2.80 in January. Turkey was \$4.55 a pound.

**Production:** Industrial production to "outstrip capitalist United States" is the hope of the Soviet Union. Though contradictory, its people also are told that communist economy is self-sufficient and more efficient than capitalism. They were not told about the aid received, and still received, from the United States—tanks, trucks, munitions, railroad equipment, tractors and other supplies. The



EUROPEAN

**TOOLS:** The doubtful efficiency of Red workers is a daily topic in the Soviet's government-controlled press



EUROPEAN

**POWER:** Russian citizens are not told America is helping rebuild the Dnepropetrovsk Dam

cate the number available for work as in other countries. In addition to meeting material shortages in the last war, American lend-lease is credited with releasing 4,000,000 men from Russian farms and factories for military service. Moscow cannot count on them for another conflict.

Also, in normal times about one fourth of Russia's adult males are eliminated from the productive labor field. Millions are in the army, several times as many in concentration camps and inefficient forced labor. Swarms of functionaries necessary for a police state and many thousand uprooted exiles from satellite countries are a direct loss in Soviet manpower and

cal official alarms that the United States is preparing to attack their homeland.

Consumer production in Russia is always sidetracked for heavy industry. First because of fighting a war, and now by a drummed-up fear of one. Last December 13,000 new stores were opened with much fanfare. Yet, the shelves of the old ones were never full. Bumper crops are officially reported but food is scarce in the cities.

A diplomat who left Moscow after ration cards were abolished and the ruble was revalued quotes the price of one egg at 32 cents in state stores and 50 cents in consumer cooperatives. These stores did not have eggs but one could

American ambassador protested at the silence.

Since then, the national glorification has improved on silence and Moscow now informs its people that American armies fought in Russian-built tanks and airplanes. Soviet citizens are told that they, alone and unaided, are rebuilding their industry. They are not told that the turbines for the big Dnepropetrovsk hydroelectric plant are being built and installed by the Newport News Shipbuilding & Drydock Co. or that the three giant generators of the intended nine were put in by International General Electric.

They are told that Russians in  
(Continued on page 68)

# When Satraps Ride the Range

By HERBERT COREY

ONCE I was a cattleman myself. On the books I owned the Round Bottom ranch on the Bear River, about 20 miles from Craig, Colo. It was perhaps the finest little ranch that ever lay outdoors. We ran 400 to 500 head of first-rate cattle, cut plenty of alfalfa, and had what amounted to a private mountain of our own for summer range. It was owned by the Government but cattle belonging to other outfits could get in only through our barbed wire.

Old Man Jordan had established a precedent about that barbed wire. We bought the ranch from him when he thought he was going to die and he never forgave us, because he lived. He was Cornish by birth and as prompt a quarreler as any man on the river.

Tom Kimbley was my top hand. He was vaguely although not tenderly related to the Jordan family. Jordan preferred the rifle, and it is merely a coincidence that for some months we kept the black sun curtains pulled down at night. Tom was an artist with the six-shooter. He always wore a silver plated .44-40 Colt with an ivory handle and a six-inch barrel and could knock the heads off sage hens.

So far as my information went, he was a man of peace and would not shoot another man except practically in self-defense. He was reticent, but now and then would drop a little hint. As when he said:

"I've sold three herds of cattle and never bought a cow."

An example of our mutual trust was the story Tom once told:

"I was on the Red Desert," he said, "riding by night."

In those days the Red Desert was populated mostly by the wild bunch; some people would call them outlaws. I suspect the Round





## AN OLD COWHAND raises a question: Do men in saddles know more about cattle than men at government desks in Washington?

Bottom ranch had been a way station for them, for now and then tired horses would appear in the corral and we would have a guest or two for a few meals. Without exception they seemed to be just like the other nice young fellows from around Craig. The only difference was that they always wore their guns to the table and now and then one would wear two guns. I've had luck that way with outlaws. With Western outlaws, that is. The greasy little thugs who throw pineapples and shoot from cars in the Eastern cities are just rats.

"I came up to what I thought was an empty shack," said Tom. "I hobbled my horse and walked to the shack. It was a dark night. No moon, no stars. As I went in I heard what sounded like a million grasshoppers. I hollered:

"Don't shoot. I'm Tom Kimbley." "Some of the wild bunch was

sleeping there that night. What sounded like grasshoppers was them sitting up in their blankets and cocking their guns."

I trusted Tom, and it never occurred to me to ask him what he was doing riding by night in the Red Desert, which is hard enough to ride in by day. Tom often said that if I would just let him alone he would build up the herd in five years to where it would be the biggest outfit in Routt County—which would have involved a biological miracle—but the game had become too tough.

The East had softened me. As a grown-up boy I had punched cows on the Sun Dance in Wyoming and loved every minute of it. My ears were filled with the story of the Johnson County war and the killing of Ray and Champion and I fairly brayed when Jack Flagg or one of his crew of gunfighting

rustlers called me by name. I remembered the horses bucking in the icy dawn and the meals at the tail of the chuck wagon and night herding under the stars while the cattle breathed softly and munched their cuds and forgot the cold and the rain.

In a word, I was a romantic. I returned to the cattle business on the Round Bottom to recapture a dream. I got out of it as soon as I discovered what a desperately hard business it is nowadays. But I know enough about it to write with more authority than a man who has been toured through the range country by government agents in a Buick and spoonfed by them with one-sided facts in support of their hope to take control of the range from the men who live on it and turn it over to bureaucrats and little men at big desks in Washington. No doubt they are well-meaning little men. But the same kind of little men have been running the affairs of the Indians and the poor Indians are starving.

#### Stockmen are underrated

THE fundamental tenet of the Government's range policy is that the stockman hasn't sense enough to take care of himself. The only sillier idea is that the wicked East sacked the West of its raw resources by putting in money to develop its copper mines and dig its irrigation ditches.

The stockman has always been a reasonably sensible hombre. He fought the Indians because he wanted good grass and, by and by, the cowmen and the sheepmen fought each other to get good grass and he paid 12 per cent for his money because, if he had good grass, he could afford it.

Now and then, the stockman took a long chance and ran so many cattle or sheep on his range that the grass was eaten off down to the taproot. Then his cattle or sheep died and the banker had to send East for some fresh money to carry him through. Sometimes he got discouraged and hid a running iron under his saddle flap and started a new herd the easy way and sometimes an annoyed neighbor shot him through the umbilicus.

But he always had plenty of good hard sense. A few hard winters put an end to overgrazing in the range country.

There isn't any overgrazing any more if the range is taken as a whole. Spots of overgrazing—yes. Miles of land that look as bare as a baby in a bath. Not a spear of grass to the day's ride. Enough to make an Eastern sob-brother in a Buick break down on the shoulder of the Government's man. Two hard rains, however, will green the whole country with new grass. I will produce documentary evidence of this miracle.

When I was young I worked for Dave Bain on the Medicine Lodge. Dave had been a buffalo hunter. He was a kind of small farmer, was esteemed as a man who would shoot a leg off the Angel Gabriel if he had to, and had brought 600 head of sheep into the Medicine Lodge range. Old man Hyatt, who had the store and liquor depot at Hyattville, argued with him.

"The cowmen'll shoot you, Dave," he said.

"I wouldn't be doing any shooting, prob'ly," replied Mr. Bain.

Popular opinion was with the cowmen, no other opinion being possible on the creek. You couldn't find enough grass to make a mess of greens. Bain and his sheep were public enemies. The cowmen rode down on him one day—erroneous timing here—and Dave dropped thumb-sized hunks of lead from his old .45-120 Sharp's rifle at carefully spaced intervals. The cowmen looked the situation over more carefully and sauntered away. It is a hard job to saunter on a horse at top speed.

The point of this story is that this attempted defense of the grass against the pin-sharp noses of Dave Bain's sheep happened a number of years ago. If there had been government range inspectors

prevalent thereabouts, they would have said in full honesty the range was overgrazed. Yet that has been good range ever since, take one year with another. In the current number of *Cow Country*, official publication of the Wyoming Stock Growers Association, are letters from cowmen who have ranches on that same range:

"Grass good," reports man after man. These are the terse statements of practical men to other practical men.

As a whole the western ranges are not being overgrazed. The men who run cattle on them know better than to cut their own throats. Here and there one may miss his stirrup, the rains may not come on time or the winter snow may not be as thick as ordered but, as a broad, general proposition, the western range has been pretty good ever since the first trail herds were turned into it from Texas.

#### Rangemen could handle ranges

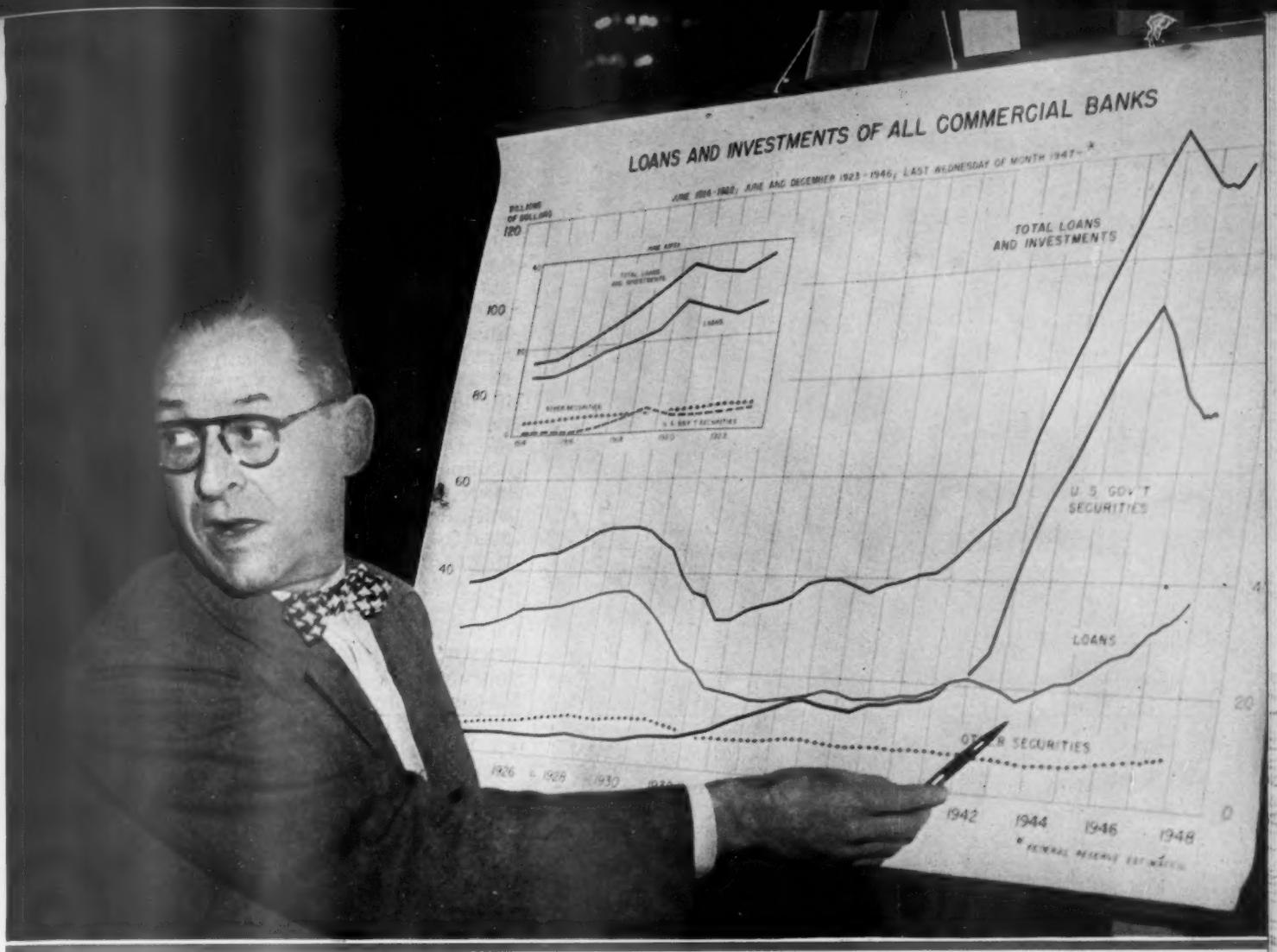
THE range should be controlled and guarded against overgrazing, of course. But that control need not be federal government control. Stockmen could handle their affairs competently if they were only let. But they are bossed and herded around by 59 government agencies of the mama-kiss-the-spot-and-papa-'pank school. Between times they are slathered with libel by the magazine writers who also believe that if someone does not wipe the stockman's nose for him, it will drip to the detriment of civilization. To establish this case against the stockman, they write things—pedigree guaranteed by the government—which are as nonsensical as the prescription on the old Indian cure bottle.

To return to Dave Bain:

Bain and the buffalo gun established his right to a share in the open range without any casualties, but a tragedy resulted nevertheless. Big Hank was the prototype of Hollywood's cowboys. He was handsome, tall, tiger-fast, and was so nearly educated that he was reputed to be a graduate of Yale. He wore silver spurs and silver dinguses on his hatband, belt, saddle and chaps.

His big roan horse shone with half a pound of silver on its bridle. He (Continued on page 82)





Marriner Eccles, an old hand at testifying before Congress on the economic situation

INTERNATIONAL NEWS

## Right or Wrong—It's Wrong!

By RAYY MITTEN

IF AND WHEN another economic bust plagues our land, a readily available scapegoat to shoulder the blame may be found in a handsome, white stone edifice on Constitution Avenue in Washington.

It is the Federal Reserve Board of Governors—top command of one of the Government's most powerful yet, generally speaking, least known and understood agencies.

Federal Reserve has served as whipping boy for past economic disturbances. Basically this is because money and credit are like a crop. A shortage or an oversupply brings complaints from one quarter or another. Either way, Federal Reserve gets blamed, because its assigned job is to keep the supply smooth and even.

"A section really should be added to the Federal Reserve Act," a Board representative recently commented sardonically, "saying that Federal Reserve shall serve as the official villain when economic ills beset the country."

Board members, appointed to 14 year terms by the President with Senate approval, are overlords of the 12 Federal Reserve banks in key cities. These

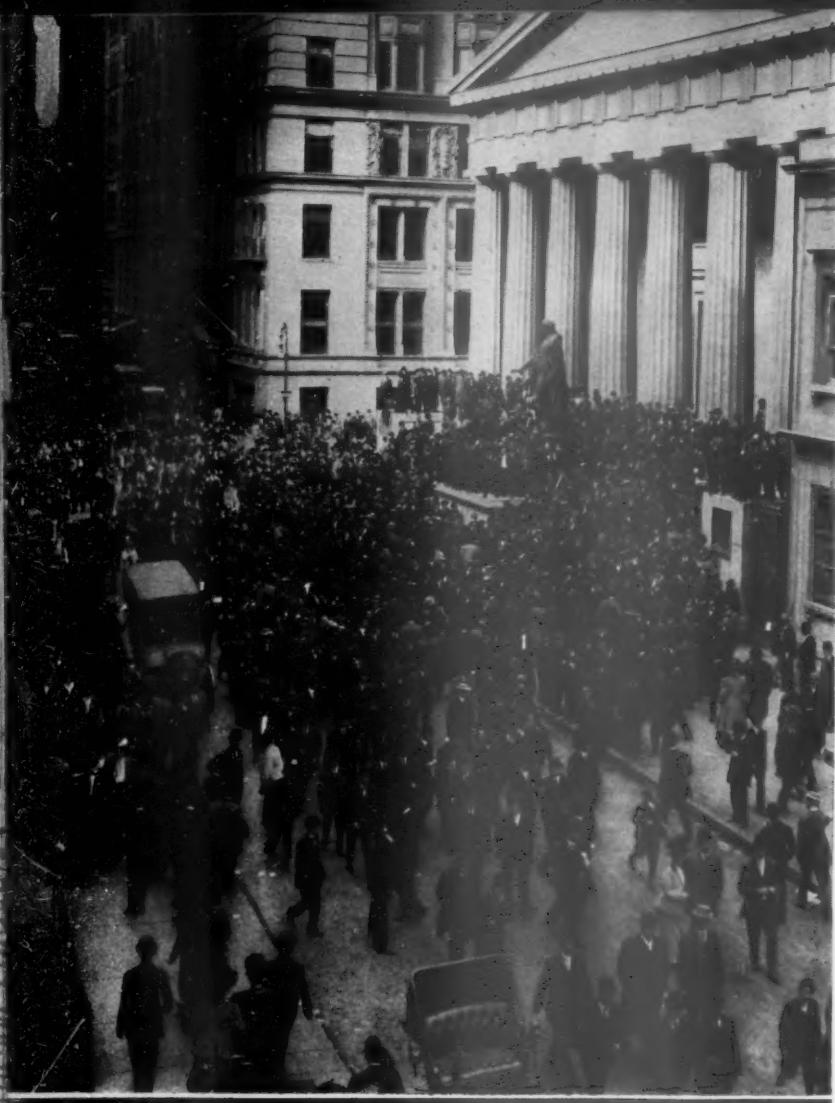
**TWO WARS and a depression have left the Federal Reserve little chance to show what it might do normally**

banks comprise the heart of the country's central banking system. It is semiautonomous. The stock of the dozen main banks is owned by nearly 7,000 other banks that are members of the system, but the 12 operate basically on orders from Washington.

These orders, dealing with money and credit supply, cover this network of member banks. The latter, though comprising less than half of the country's banks, hold three fourths of all deposits.

The system was born, according to economists, as a result of the panic which started Oct. 21, 1907, when Charles T. Barney, prominent New York financier, announced that he was resigning as president of the Knickerbocker Trust Co., and that Vice President A. Foster Wiggins was taking over.

With Barney's announcement echoing in Wall



**The United States Subtreasury in lower Manhattan provided \$6,000,000 to help stem the financial panic of 1907**

BROWN BROS.



**Though federal action saved some banks, others had to face throngs of depositors, all demanding their money**

BROWN BROS.

Street, the National Bank of Commerce informed members of the New York Clearing House—not in the routine fashion, but hurriedly by special messenger—that it was quitting as Knickerbocker's clearinghouse agent. The bank did not want to take responsibility for any clearinghouse obligations Knickerbocker could not meet.

Tossed suddenly into a hot spot, Wiggins hustled over to the J. P. Morgan mansion to consult anxiously with the dean of Wall Street, other Knickerbocker board members and various clearinghouse members. This session, later transferred to Sherry's restaurant, lasted far into the night. There was a gallant show of support around Knickerbocker. An official of another large trust company pledged his firm's support. But those attending failed to agree on a proposed plan to raise a \$15,000,000 guarantee for Knickerbocker.

#### **A run on Knickerbocker**

**KNICKERBOCKER** opened its doors the next morning to be greeted by a throng of depositors, all demanding their money. In the crowd was a representative of the other trust firm whose official had pledged aid the night before. He withdrew \$900,000!

Through the morning Knickerbocker paid out \$8,000,000. Still the run continued. The trust company finally closed its doors at one p.m. after a bank that had deposited funds with Knickerbocker demanded \$1,500,000.

This surrender, to quote the *New York Times*, "led to complete demoralization of the stock exchange. Prices crumpled under an avalanche of selling orders." The exchange literally was full of hot seats. One prominent brokerage firm folded up completely. Banks were demanding interest rates up to 70 per cent on "call money," which a few weeks earlier had been available for six per cent or so.

It was, the *Times* noted, the worst situation Wall Street had experienced in a decade. Telephone circuits between New York and Washington were clogged. Finally, late in the afternoon, Secretary of the Treasury George B. Cortelyou caught the Congressional Limited and arrived in Manhattan at nine p.m. to go into a huddle with Morgan, Wiggins, et al. By then most of New York's banking fraternity was getting shaky. To calm them, Secretary Cortelyou ordered the Subtreasury to deposit \$6,000,000 in New York banks—with some slight concessions on collateral requirements. Morgan pledged his aid to help avert a nation-wide panic.

These measures were largely effective and the upheaval later came to be known as the "rich man's panic." But its effects did extend into the larger cities—and some smaller ones. There were runs on banks; a lot of speculative ventures, based on easy credit, cracked up completely.

Some factories had difficulty in making up industrial payrolls due to currency shortages and temporary business paralysis. Among workers, those in industry suffered most.

Though it did not really become seriously general, the 1907 panic was reminiscent of those in 1873, '84 and '93—too close together for comfort. It awakened Washington. A National Monetary Commission was appointed to determine what could be done.

This Commission found, among other things,

that the then-existent national banking system had about the same elasticity as a bar of pig iron. National bank notes were based on government bonds and their volume, therefore, varied with the Government's need for money rather than the needs of business. The reserves which the banks were required to maintain against loans were so rigidly fixed by law that they could not be adjusted readily to meet national needs for more or less bank credit.

But the most serious defect was that deposits gravitated into the big cities, principally New York. The country and middle-sized city banks could make money by depositing their reserves in the big city banks and drawing interest on them. The city banks had to lend this money to pay the interest. To accomplish this they favored short, well-secured loans.

A favorite outlet was the "call money" market, consisting mostly of brokers who sought money, payable on call or demand, to protect their customers' securities until the customers paid for them or ordered resale.

This set up a situation ripe for a panic if some well-known business firm—such as the Knickerbocker Trust Co.—failed.

After an explosion like that set off by Knickerbocker, outlying banks would become frightened and demand their reserves. The big banks then would have to demand early payment by brokers on call loans, call money rates would soar, stock prices would drop because of more selling than buying, and panic would begin to spread. Usually there were bank runs which hurt well managed as well as poorly operated banks.

After studying this familiar pattern, the Commission made recommendations which Congress translated into the Federal Reserve Act of 1913.

The Federal Reserve system began operating in November, 1914. Today, because more people than ever are seeking bank credit, any of Federal Reserve's authorized actions to expand or contract this credit is bound to affect more individuals and businesses than previously.

#### Credit on federal securities

MORE than ever before banks are basing their loans on federal securities, most of which were bought to help finance the war. Banks can and do sell these to Federal Reserve, the federal Government's banker, to obtain additional reserves for more loans.

The Board's power to render decisions stopping or slowing the purchase of these securities makes the American banking fraternity acutely aware of the gleaming structure on Constitution Avenue.

Also, because it is the country's high temple of economics, its weekly statements and monthly bulletins, as well as its exclusive industrial production index, are read assiduously by bankers, business men and industrialists.

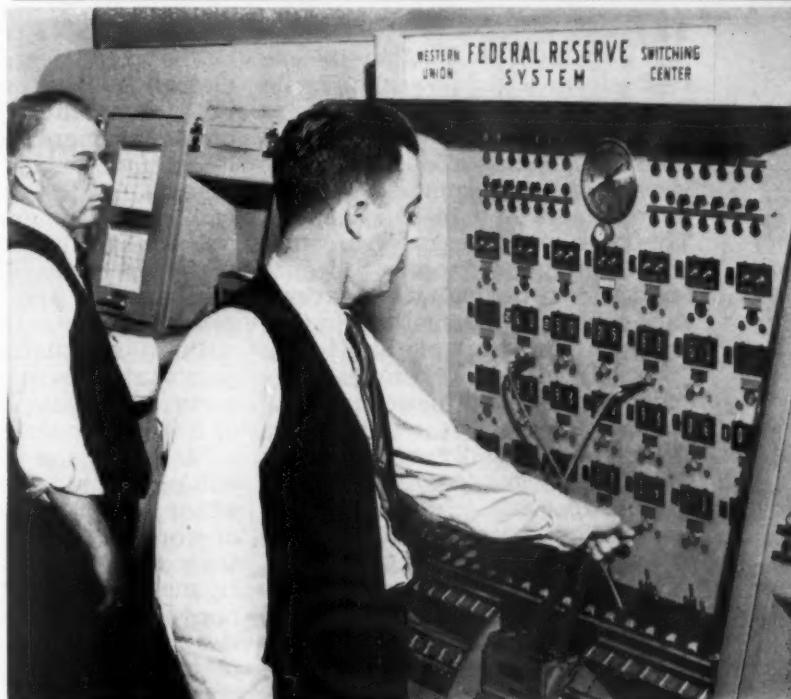
The primary purpose of some 173 experts at the Washington headquarters is to keep the Board and the 12 district banks informed. The districts also feed information to Washington and each of the 12 banks has an economic adviser and a research staff to study the economic state of its district.

Passing through the foyer of their headquarters, Board members, in this day of record public indebtedness, spending and borrowing, might

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**The Federal Reserve is doing a job opposite from what it was set up to do, frequently finds night work necessary**



**This switchboard is a vital cog in the system. It links the 12 district banks with Washington and with each other**



# The Front Office

**W**HEN SOCIALISM in its extreme form seized power in Russia some 30 years ago, its first task was the ruthless "liquidation" of the managerial class. To replace the victims of firing squads, a new set of managers had to be educated. This took many years. Meanwhile the country's economic life suffered gravely through the inexperience of top management in industry, transport, banking and trade.

When Socialism of a much milder variety assumed power in Britain three years ago it was widely expected—especially abroad, where the Briton's love for compromise is not adequately realized—that the Russian experience would more or less repeat itself.

The story goes that, when the news of the overwhelming Socialist victory in the 1945 general election was received at a gloomy dinner party in New York, one of the guests remarked, "Poor Catto, now he's sure to be hanged." Instead of that, Lord Catto was requested to remain as Governor of the Bank of England after it was nationalized.

The gradual application of Socialism in Britain since 1945 was not accompanied by any "purge" of managements, not even in the less drastic form of wholesale dismissals. On the contrary, the Socialist Government went out of its way to establish friendly relations with top managements, of both nationalized and private enterprises in so far as this could be done without sacrificing any essential part of its program. In doing so, it incurred the displeasure of many of its own supporters.

"Jobs for the boys!" was, and still is, a popular war cry, and many of the "boys" who have long years of work for the Socialist cause to their credit resent that the Government—their Government—has not yet placed all of them in lucrative and influential managerial posts. Admittedly many appointments were made on the ground of political merit, but most managerial posts controlled by the Government were given to those who knew something about their jobs.

While Ministers and senior offi-

cials were unhesitatingly placed in charge of affairs they knew little or nothing about, the Government was realistic enough to prefer to have experienced executives in charge of nationalized enterprise.

Many of those among top managers whose sympathies lay on the whole with the owners faced a dilemma when they had to decide on their attitude after their business was nationalized. Some felt that it was in the interest of the country that production should be carried on as efficiently as possible. Others felt, however, that it was to Britain's interest that the electorate should realize the full disadvantage of having a Socialist Government. Therefore, they considered it their duty to withhold their collaboration.

It would be idle to deny that their decisions as to which way their duty lay were influenced, consciously or otherwise, by the likely effect of those decisions on their personal position and prospects.

On the other hand, managers



Readiness to hand out titles has become a trump card in gaining collaboration

# Goes Socialist

By PAUL EINZIG

## HOW Britain's Labor Government applies the carrot-and-stick formula to former private managers

willing to carry on under the new regime have to bear in mind the possibility of a return to the old regime as a result of a Conservative victory at the next general election. Suppose their business would then be de-nationalized, what would be the position of those who gave their services to the Socialist Government?

Conservative quarters seize every opportunity to show their disapproval of the heads of businesses who are prepared to carry on under Socialist ownership. They are accused of being "Quislings," collaborators with the enemy. There can be little doubt that a return to private ownership would bring a "purge" of those collaborators who are not considered indispensable.

Collaboration with the Socialist regime by those of the managerial class who, in addition to being employees of their firms, are also part proprietors, is resented to an even greater extent.

A campaign of intimidation is actually waged in some sections of the Conservative press which seeks to pillory every banker or industrialist who throws in his lot with the Government.

On the other hand, the Government holds out appreciable inducements to expert business executives willing to serve under it. In the first place, the salaries of top managers in nationalized industries remain at the same high level as under private ownership. For instance, the pay of members of

the four Transport Boards totals £106,750. In addition, there are expense allowances. In some instances, the boards of nationalized industries have enticed managers from private business through the offer of higher pay.

To avoid criticism on this account, the Government refuses to publish the salaries paid by the National Coal Board. There is certainly no question of leveling down managerial salaries to the scale of pay of government officials. Even though the Bank of England has become practically the City branch of the Treasury, the salaries of its officials remain well above the salaries of the corresponding classes of Treasury officials.

The Government seeks to reassure those who are afraid that the old regime, if restored after a Conservative victory, would take revenge on managers who had changed sides, through the offer of long-term contracts. Moreover, the top management of nationalized boards are offered many advantages which, for some time at

any rate, are not likely to be within the reach of private enterprises. They enjoy priorities in the allocation of permits to buy automobiles and petrol, and even in the allocation of housing.

### **Titles get cooperation**

THE trump card of the Socialist Government in the game of gaining the collaboration of management lies in its ability and willingness to distribute titles and honors to those business men who are willing to cooperate. A Knighthood is considered to be well worth having even in this democratic age. Few persons could resist the temptation of serving a regime which would reward them by enabling them to be addressed "Sir So-and-So"; to their wives the prospect of being called "Lady So-and-So" is even more irresistible.

Over and above all, there is the possibility of obtaining a Peerage as a reward for major services. That prize is high enough to induce even proprietors of businesses to carry on after nationalization. This is why the Labour Government would not dream of abolishing the House of Lords.

Paradoxical as it may sound, this survival from feudalistic ages goes a long way toward helping British Socialism make nationalization workable. Those who would scorn any offer of high pay yield to the desire of seeing their names appear in an early Honours list. Before the advent of the Socialist Government, the chance of this for most people who were neither government officials nor politicians was not very favorable. Business managers had to achieve something really out of the ordinary, (or, alternatively, they had to contribute really substantial amounts to charitable, cultural, or political objectives) before they could hope to receive even a Knighthood, let alone a Peerage. Now they have a good chance to realize their social ambition by working wholeheartedly on one of the national boards or other business organizations set up by the Government.

As a matter of fact, the Government has not been, until now, excessively liberal in distributing Peer-

ages or even Knighthoods. It would, indeed, be a mistake to depreciate the titles by inflating them. Even though there is an unlimited supply at the Government's disposal, and they cost nothing, not even to the taxpayer, titles are given sparingly. But the fact that they are obtainable for service to nationalized enterprise is an important factor influencing the attitude of the managerial class.

Nor is this factor confined to managers of nationalized enterprises. Bankers and industrialists who are independent of the Government, but by word or action assist it, may also reasonably hope to be rewarded by being granted bigger and better titles than they could have reasonably hoped to achieve under Conservative Governments.

None of this means that the managerial class is happy under Socialist rule. For one thing, collaboration between the chief executives willing to serve in nationalized industries and the National Boards, or between the latter and the Ministers concerned, is often far from ideal. Unless the attitude of the manager is one of unconditional subservience, sooner or later he is bound to find himself opposed to some policy imposed on him from above.

When, under private ownership,

such a situation arises, the manager—if he is a man of principles and feels sufficiently strongly about the point at issue—resigns. If he is a first-rate expert, a mere threat of his resignation might induce his board of directors to reconsider their decision. After all, the owners of an industrial enterprise are reluctant to lose a first-class manager. Under nationalization, it is a matter of prestige for the Minister not to allow himself to be influenced by threats of resignation.

### **Few managers resigned**

THERE were, in fact, a few resignations from nationalized industries, but not many. The chances of a manager to find alternative employment are none too bright. The industry in which he had specialized all his life is now a government monopoly. He would have to start afresh in some other line of business, which is not always easy.

The fate of those executives who are dismissed by the Government is equally unenviable. For instance, Air Vice-Marshal Bennett, former chief executive of the nationalized British South American Airways Corporation, who was dismissed owing to disagreement on matters of policy, will not be able to find in Britain any corresponding post, since all airways are nationalized. What he can do—and is, in fact, doing—is to try to benefit by the publicity aroused by his dismissal, by taking up politics. Every dismissed or resigned manager cannot try, however, to enter Parliament as anti-Socialist candidate.

Even the heads of national boards now find they have less freedom than they had under private ownership. During recent decades the so-called "managerial revolution" made considerable progress in Britain. The stocks of most banks, railroads and leading industrial combines have become distributed widely among the public, and the control by large shareholders has become now less distinct. An able, active and ambitious manager was usually in a position to have his own way. Now he is subjected to control by the government department that is

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**The firm shipped the banned rope by fishing boat from an obscure port—and reported it**

# Foreman in the Legislative Mill

By LABERT ST. CLAIR

AUTHORITIES on corny jests insist that there are only seven standard joke patterns in the world. The first three involve the tramp, bride's biscuits and mother-in-law side-splitters. The other four center around loafing congressmen.

My observations over the years have convinced me that nobody can justify the intimation that most senators and representatives spend a large part of each day with their feet on their desks. If time would permit, I am sure that a survey of the activities of each of the 531 members of the two houses would reveal few deliberate loafers.

Since such a broad canvass is obviously impossible, I have made a case study of the activities of one member—the majority leader of the House—to help prove my point. I am positive that when you consider the amount of work he does in a day you will agree that he, at least, is active. Further, it must require much effort for the other 434 members to pile as much proposed legislation and other problems on him as they do. Every bill approved by a committee clears through his office and, additionally, several thousand questions of a private, personal, local, national and international nature in which members are interested get his consideration in the course of a year.

Currently, Charles A. Halleck of Rensselaer, Ind., is the majority leader. In previous years such other able men as John Q. Tilson of Connecticut and the former Speaker Sam Rayburn of Texas were among the 75 or more who have held the place. They have differed widely in many respects but one experience they had in common.

None ever found time hanging heavily on his hands. Each left his job at night during the regular sessions carrying a handful of unfinished business and wondering how in the short time allotted him he could complete the next day's work.

The floor activities of a majority leader are of such a nature as to create a false impression of his many and varied responsibilities. The galleries see him doing on the floor what really is the lightest part of his job.

Generally, from the time he takes over control of the program at the calling of the House to order, he

appears to be a maestro who has all the members of his band harmonizing perfectly.

A visit behind the stage settings will convince you of the fallacy of this impression. His duties are more comparable to those of the entire personnel of a traveling baseball club. He is at once the manager directing general team activity; the field captain keeping tab on individual players; the pinch hitter preparing to step in and deliver a blow at a crucial moment; the mascot trying to produce a barrel of luck; the first base coach encouraging his own men or harassing the enemy, and the club house man seeing that all the paraphernalia are ready before the game starts.

Sounds like more than any one man could do? So I thought until recently when I devoted a day to trailing Halleck around and setting down his activities. The full time was about 16 hours. He assured me it was about average grist. Here are the high points of a typical day:

**8 a.m.** While breakfasting at home read the House proceedings of the previous day from *Congressional Record*, delivered on his doorstep shortly before daylight.

**9 a.m.**—Arrived at office in Capitol and began to scan important mail. Talked with early visitors and newspaper men. Answered 15 telephone calls. Dictated several emergency telegrams and started answering mail.

**10 a.m.**—Breaks off to confer with parliamentarian, committee chairmen, and Speaker Joe Martin with whom he constantly must discuss



PEOPLE who think congressmen have spare time to burn should contact Majority Leader Halleck. One day's visit will change their views

legislative programs and strategies. These two work as a team in dispatching the business of the House.

**11 a.m.**—Resumed dictating letters, interrupted repeatedly by telephone calls from speaker and special pleaders regarding the current and future floor program.

**11:45 a.m.**—Went to floor to meet committee chairman in charge of bill about to go under consideration, arranging such details as time for speakers, etc.

**12 Noon**—Took over post at majority table and, with speaker and parliamentarian cooperating, made the various motions which are necessary to getting House work under way.

**12:30 p.m.**—Decks cleared of routine, turned control over to chairman of committee which brought in current bill and sat by in role of referee to smooth majority inner-party situations, direct attack on opposition, or speak in an emergency. (Time out for a sandwich; there is no luncheon recess.)

**1:30 p.m.**—Returned to office to preside as chairman over Committee on Committees which makes committee assignments for majority. Talked before meeting with various applicants for committee appointments or transfers.

**2 p.m.**—Got committee under way and found there were a dozen applicants for two vacancies. Urged sponsors to explain in open meeting reasons why candidates should have job and thus started field day of talk.

**2:15 p.m.**—Called to floor to straighten out a parliamentary situation which threatened to get out of hand. Mixed good humoredly with minority leadership and made impromptu five-minute speech.

**2:30 p.m.**—Resumed chair at committee session. Settled major appointment by inducing all members to compromise.

**3 p.m.**—Conferred on anti-inflation legislation with Senator Taft and Chairman Wolcott of House Banking and Currency Committee. Answered ten more telephone calls. Dictated letters.

**3:30 p.m.**—Attended majority Steering Committee meeting to decide on anti-inflation program.

**4 p.m.**—Met newspaper men to discuss the legislative program. Resumed dictating. Interrupted by long distance call of ten minutes from a Pacific Coast Republican state leader who felt that a certain bill, if passed, would lose state for G.O.P. next fall. Calmed caller's fears.

**4:30 p.m.**—Resumed dictating but soon was stopped by hurry-up call from floor for him to have whip round-up majority membership for important vote. Returned to floor and conferred with members about party matters.

**4:45 p.m.**—Made closing ten-minute speech on current bill appealing for favorable vote by both Republicans and Democrats.

**5:45 p.m.**—Made necessary motions for filing committee reports, etc., and House adjournment.

**5:50 p.m.**—Met with veterans' delegation concerning pending bill.

**6 p.m.**—Took series of telephone calls, dictated more letters and telegrams, conferred with research staff on material to be used in an address in Chicago.

**6:45 p.m.**—Left for home to dress for three evening engagements. Read in car summaries of stack of bills.

**7:30 p.m.**—Dropped in at state association party in downtown hotel, remained few minutes, called briefly at second meeting of another group in same hotel and took a taxi to a second hotel.

**8 p.m.**—Attended dinner meeting of business group.

**10 p.m.**—Addressed meeting on national problems, including taxes and reduction of government costs.

**11:15 p.m.**—Arrived home to find several long distance calls and telegrams requiring attention.

**12 p.m.**—To bed, and except for a few calls from morning newspaper men, nothing to do until tomorrow.

Unquestionably more work is dispatched in the leader's office every day than in that of any other single member. His office comprises five large rooms and several small ones and various hall spaces. All are utilized.

The fact that the leader's activities lead him regularly over most of the House end of the Capi-

tol, into the Old and New House office buildings and sometimes into the Senate wing keeps his staff uncertain as to his whereabouts when he is not in his office or on the floor. He may be either in or on his way to the office of the speaker, the chairman of the ways and means, rules, appropriations, foreign affairs committees, the legislative counsel or the parliamentarian, with all of whom he works closely; in the radio room broadcasting or making a "platter" for national distribution; on the Capitol steps or in the empty House posing with groups of a member's visiting constituents.

He tries to return to his main office every half hour or so. Visitors there learn the quickest way to reach him is to sit down and wait for him to show up.

#### Patronage no problem

THE framers of the House working plan sought to give the majority leader an unusual amount of freedom for independent action. He has only two committee assignments and neither group drafts legislation. He has no patronage to dispense so it is useless to ask him for a job.

Nevertheless the leader is a powerful figure when the legislative chips are down. That is, when a bill has been cleared by a committee and is ready for floor action. His approval nearly always can give the measure a green light, speeding the bill through to a vote by a special rule and putting the almost solid G.O.P. forces behind it. Since his is the final responsibility for getting legislation through, his wishes generally are yielded to by other leaders. Times come, of course, when he loses a fight but then, as a good leader, he goes through the motions of pushing the bill to victory, even though in his heart he thinks compared to it Limburger cheese smells like attar of roses.

As majority leader, Halleck never hesitates to speak up at important conferences.

When the President called congressional leaders to the White House ostensibly to talk emergency European aid and then put cost of living first, Halleck quickly interrupted to declare:

"Mr. President, if you put price controls first in your message, you'll start an argument which will delay your European relief plan quite a spell."

The President quickly replied that price controls just happened to be placed first and its position

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# Spots in the Feasts of Charity

By OREN STEPHENS

**AS COMPETITION among agencies increases, the public—though still generous—grows more cautious about giving**

**W**HAT the doctor told Salvatore Mazzurco was a far greater shock to him than any of his war experiences. Marilyn, his beautiful, four-year-old daughter, was slowly dying of nephrosis, a kidney ailment.

"There's a new serum that might save her life," the doctor said, "but it's expensive. The treatment would cost at least \$3,000."

"But I make only \$40 a week," the distraught father said. "What can I do?"

This was Saturday, March 8, 1947. The place was San Jose, Calif. Salvatore started making the rounds of the welfare agencies, most of which were closed and none of which, for one reason or another, could help in his particular case.

Meanwhile, a San Jose newspaper editor heard of the case and acted quickly. Marilyn's captivating smile and tragic story soon were appearing on front pages across the nation and tugging at a million heartstrings. Contributions—ultimately \$16,000—came pouring in from hundreds of individuals.

Coincidentally, the Red Cross had just begun its annual fund drive. Its San Jose chapter was seeking \$106,000. One of its primary purposes, according to the campaign publicity, was to provide aid to needy veterans and their families.

"If that is true," San Joseans began to ask, "why didn't the Red Cross provide the needed treatment for the Mazzurco girl? And where were all the other welfare agencies, public and private? Was it necessary to go to the newspapers for help?"

San Joseans, like most citizens everywhere, ordinarily thought little about such matters and knew less. But, when their curiosity and indignation were aroused, they went hunting for facts.

Although accurate figures were extremely elusive, it was learned that health and welfare activities in the San Jose area in 1946 cost at least \$5,035,033. Of this, \$4,380,935 was tax money used to care for the aged, needy, blind, sick; the crippled, dependent and delinquent children, and others who had come to be considered a public responsibility. For a wide va-

**People are inclined to respond more readily to a "heart appeal" than to a rational plea**



riety of other activities, private agencies had required \$654,098. In all it amounted to about \$58 per capita. Yet, apparently, it hadn't been enough.

They learned, too, that, if Marilyn had been a victim of polio, the National Foundation for Infantile Paralysis would have shared the cost of treatment or paid the entire bill if her father could not afford it.

Surely, San Joseans thought, something is wrong somewhere.

Something is wrong. While the public has not become generally aware of it, health and welfare agencies have a bad case of "post-war chaosisis." The symptoms have become so acute that social workers are bickering among themselves and open warfare is imminent. In fact, in a few places the battle has already been joined.

The root of this conflict is money—enough money wisely distributed and used according to actual need.

Two months after the Mazzurco case hit the headlines, the National Social Welfare Assembly met in New York to debate the basic issue of "federated" vs. "independent" fund raising. The former is typified by Community Chests, the latter mainly by those national organizations—such as the Red Cross and the National Foundation for Infantile Paralysis, both headed by Basil O'Connor—which raise their funds by their own efforts.

Mr. O'Connor maintains federation is "communizing" fund raising. Speaking for the other side, the Boston banker and Chest leader, Robert Cutler, retorts that the independent school has fascist tendencies. Far from being communistic, says he, a federated program is the essence of democracy because the "little people" of each community work out their problems instead of waiting for the word from on high.

Partly because of such name-

calling, partly because "donor fatigue" is setting in as a result of the tremendous drain on their pocketbooks, citizens in many communities are becoming aware of the problem and, in some cases, are making notable progress toward a solution.

### Welfare expenditures

COMMUNITY Chests and Councils, Inc., in a recent study of 29 cities, found that annual per capita expenditures for health and welfare purposes "ranged from a high of \$55.07 in one Pacific Coast city to a low of \$17.14 in one southern community." The philanthropic pie was sliced as follows: payments for services, 30 per cent; Community Chests, 6; other contributions, 4; federal funds, 12; state funds, 21; local public funds, 22; all other receipts, 5. Contributions did not, however, include all that was collected in those communities, because funds of many national and foreign relief programs do not show up in community disbursements.

In recent years private organizations have been raising between \$2,000,000,000 and \$2,500,000,000. A survey by the John Price Jones Corp., a fund-raising company, revealed that, on June 30, 1946, a total of \$1,361,581,959 was being sought in 347 campaigns then in progress or preparation.

From 1922 to 1945, according to the "Yearbook of Philanthropy," \$23,519,173,000 was raised, the lowest for any single year being \$479,947,000 in 1932.

Ordinarily, eight to ten per cent goes to private educational institutions, religious organizations, and museums. Even so, the 1948 total for "health and welfare" purposes will approximate \$2,500,000,000.

Nor does this include the value



The Red Cross, having found that it can raise more money on its own, has adopted a policy of complete independence





**The Community Chest grew out of the conviction that common sense should enter into giving, as well as into the use of the gifts**

of the time contributed by hundreds of thousands of campaign volunteers and voluntary social service workers each year.

Proponents of greater and greater expenditures by private charity point out that this is "less than two per cent" of the national income whereas, in the depths of the depression, the American people gave "about five per cent" for such purposes. Hence, we are growing steadily less charitable.

Such arguments overlook two important facts: The first was the overwhelming need during the depression. The second, which grew out of that need, was the Government's assumption of many of the responsibilities formerly discharged by private charities. The word "charity" can no longer be applied to much of the work of the private agencies. Expenditures of these agencies, even in these times of full employment, have been steadily increasing in totals if not in percentage of national income. Yet they are small compared with public welfare costs.

Unfortunately the total spent by public agencies on all levels of government is the most elusive figure of all. Five per cent, or \$2,000,000,-

000, of the proposed federal budget for 1948-49 is for social security. Much of the \$6,000,000,000 for "veterans' programs" is for similar purposes. So is much of the \$6,100,000,-000 for the European Recovery Program. (The total federal budget did not exceed \$4,000,000,000 until 1931.) To this must be added the health and welfare expenditures of state, county, and municipal governments which, according to the survey of the 29 cities, aggregate more than three times as much as the federal expenditures.

#### **Public expense is high**

ESTIMATES of the total public outlay range from \$6,000,000,000 to \$14,000,000,000. Differences of opinion as to what should be included, plus the difficulty of obtaining reliable data, account for the wide range. All evidence considered, \$12,500,000,000 seems about right.

This means that health and welfare agencies—governmental and private—spend around \$15,000,-000,000 annually. Consequently, the charge that the American people are becoming less concerned about the health and welfare of their

neighbors would seem to be open to serious question.

For many years charity was a patrician luxury. Gradually, as great fortunes declined and the cost and scope of social work increased, the private agencies, instead of getting much from a few, had to appeal to many for a little. When this proved inadequate, business organizations were called on for the big contributions which previously had come from wealthy individuals. Inevitably the point was reached where, in the larger cities, scores of drives were being conducted simultaneously. The cost in time and money was becoming prohibitive.

Equally important, the time and money were not efficiently and equitably utilized. Some agencies were frauds. Some were well intentioned but worthless. Some, while perhaps desirable, were hardly vital. Many, especially after the government entered the field, had overlapping programs.

Some, because of the strong "heart appeal" of their work—  
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# Doctor, My Statistics

**Y**OU'RE sick. I'm sick. We are all sick. We are a nation of cripples. Who says so?

The Federal Security Administration, a governmental agency. So it must be true. Federal officials would never mislead the public and the Congress—or would they?

For many years we have been told that the health of this nation is deplorable, that large segments of our people go entirely without medical care, and that our present system of medical services is woefully inadequate. Indeed, we have been told that the situation is a national emergency.

We cannot afford to waste time experimenting with modifications of our present system or with voluntary health insurance. We must act without delay, and act radically. We must scrap the private practice of medicine altogether and adopt a compulsory national health insurance directed by a federal agency in Washington.

If you doubt this, take a look at the "shocking" picture revealed by the draft statistics. Just think, "one half of our young men, in the flower of life, unfit to bear arms for

**DRAFT figures have been used to prove us a nation of weaklings and cripples. Let's look at the facts...**

their country." These sensational words were set to music—the music of emotion. The Federal Security Administration supplied the words and many prominent men sang the tune: William Green of AFL, James B. Carey of CIO, Leon Henderson, Harold Ickes, several senators, and even our President. Leading newspapers joined in the song. Their Washington correspondents dutifully sent in official bureau handouts.

What are the facts?

In the first place, it is not true that one half of our young men were unfit to bear arms. Even at this date the Selective Service System has not finished compiling and tabulating all of the data. But we can get an idea of the true situation by examining a period for which the data have been completed. From Dec. 7, 1941, to Dec.

31, 1943, the Selective Service System examined about 10,000,000 men. Of these, they rejected about 36 per cent. At the same time, however, 2,700,000 men volunteered for service and were accepted by the Army, Navy or Marine Corps. Therefore, the total number of men examined for military service in this period was 12,700,000, and the over-all rejection rate was about 28 per cent.

But a rejection rate of 28 per cent cannot be dismissed. Isn't the rejection of 3,600,000 men enough to make us disgusted with our scheme of medical services?

According to the Federal Security Administration, the answer is yes. According to the official propaganda which you and I are paying for, one half to two thirds of all draft rejections could have been avoided by adequate medical care

and are, therefore, evidence of widespread medical neglect.

Again, what are the facts?

The governmental officials who have repeatedly made these statements, who have placed these words in the mouths of many witnesses coming before the Senate Committee on Education and Labor, are not physicians. They lack the technical qualifications which would permit them to make any statement whatsoever regarding the relation of draft rejections to medical care. So far the Federal Security Administration has not been able to produce the statement of a single physician to support their guesstimate of draft rejections preventable by medical care.

Dr. Leonard Rountree, one-time medical director of the Selective Service System, ventured the opinion that draft rejections for remediable defects constituted about 15 per cent of all rejections. In an independent analysis of the data, I concluded that no more than 20 per cent of all rejections could

useful occupation in civil life which they had followed without apparent handicap." Let us listen to the exact words of the officials of the Selective Service System:

"There seems to be little doubt that most of the registrants being classed as available for limited military service and a substantial portion of the registrants being classed as disqualified for any military service in the United States Army possess health conditions which would be acceptable for military duty in any army in continental Europe.

"In addition to the non-disqualifying defects, a large proportion of the disqualifying defects were minor in so far as health conditions are concerned. The loss of an index and middle finger, the loss of a great toe, or the fact that a registrant is less than 60 inches in height is sufficient cause for rejection, but such conditions do not indicate that the registrant is in poor health."

These warnings of the Selective Service System were not hidden in



FSA "advises" freely. It wants power



The Draft rejected him for flat feet

# Feel Funny

By DR. MAURICE FRIEDMAN

have been influenced by medical care; that is, approximately six per cent of all men examined.

If Dr. Rountree was correct, if I was correct, why were so many men rejected? We must remember that the draft boards were not choosing men to play tiddlywinks. The Selective Service System had the task of selecting men for combat, men who could be expected to withstand the terrific strains of modern warfare, men who could adapt themselves to the strictly regimented life in the armed forces. The mobilization orders were explicit in defining the type of man wanted. Acting under these specific directions, the Selective Service physicians kept one eye on combat requirements and one eye on the lookout for defects which, though not a great handicap, might be grounds for future claims in the form of pensions or free medical service.

Official bulletins of the Selective Service System have repeatedly emphasized these facts. These bulletins stress the point that an overwhelming majority of the men examined "had been drawn from

any secret archives. They were prominently placed in the very bulletins which the Federal Security Administration was using to scare our people. Indeed, in view of the clear warnings of the officials of the Selective Service System, there is no excuse for anyone, with or without technical training, to misinterpret the draft statistics. The members of the Federal Security Administration did not heed these warnings.

They did not heed the unequivocal statement of Col. William Menninger, psychiatric consultant of the Army. With reference to the great numbers of rejections for psychiatric reasons, Colonel Menninger warned against the misuse of these statistics:

"It has been no surprise to the psychiatrists that this segment of the population has been uncovered, and is no special cause for alarm as to the mental health of the nation. . . . It concerns our family life and educational system. It is intimately linked with the prevailing attitude of the public toward their specific service in the Army. To many men, the security of their



We can't legislate health into being



How many doctors do we need?

homes and their friends and their jobs far outweigh their belief in their importance for and their need by the armed forces. The rejection of this group of men for acceptance to the Army has been widely misunderstood and misinterpreted. The Army, like a football team, needs the best. . . . The fact that a man may be a regular worker, a community asset, is no indication that he can fit into the Army or be an asset to the Army." (Italics mine.)

The lay members of the Federal Security Administration chose to ignore these warnings by competent medical authorities. These public officials, posing as expert and unbiased advisers to the Congress, persisted in misusing the draft statistics in their advocacy of National Compulsory Health Insurance. For many years they have supplied most of the drive for the enactment of legislation which would affect intimately every person in this country and would subject the professional activities of every doctor to regulations laid down by the federal Government.

The drive has been successful. Under the terms of a bill now before Congress the federal agency for the supervision and direction of medical care would be the Federal Security Administration. In other words, the very men who are "advising" the Congress are now, and have been for years, engaged in a vigorous campaign to enact legislation which would vastly increase their own powers, their own influence and personal prestige. Against this background, we cannot assume that these men have been free of bias or that they have been acting as impartial scholars.

It is unfortunate that the average person, who is so well-informed about the technique of Fritz Crisler's backfield, the latest development in automatic transmission, or the call prices of preferred stocks, knows so little about health.

How can we measure the health of our community, of our nation? Granting that the draft rejection figures are almost worthless in this regard, can't we put the Selective Service statistics to some use? Yes, we can use these statistics in a limited way and with proper precautions.

Complete records were kept of Selective Service examinations. These included the findings not only of the usual physical examination, but also the results of the X-ray examinations and the blood and urine examinations which were done on every man. Some of the men who were accepted for military service had one or more minor defects. These, too, were recorded. Many of the men who were rejected revealed not only the major defect for which they were disqualified, but one or more additional defects. Thus the original data of the Selective Service include records of every defect, disqualifying or not, uncovered by these physical examinations.

#### What are our defects?

Of what significance are these defects? Are they a measure of our health? Can they be used as a measure of the adequacy of our medical care?

In the first place many of the recorded defects have no direct relation to health or medical care, but are directly related to our educational facilities. Examples are



They were not choosing men to play tiddlywinks

"educational deficiency," "failure to meet minimum intelligence requirements," and the largest portion of those individuals designated as "mentally deficient." Of the remainder of recorded defects, most are structural abnormalities rather than diseased states.

For example, "enlarged tonsils," "absence of one testicle" (congenital) and "flat feet" were recorded for many individuals al-

though these structural abnormalities had not handicapped them in civilian life. There is the famous incident of the young man who was returned to civilian life because of flat feet and who immediately resumed his career in professional football.

It is a bit of irony that many of the recorded defects were not the result of medical neglect, but the direct result of medical treatment. All of the amputations are in this category. Many of them were done as lifesaving measures after serious injuries. Surgical perforations of the middle ear also are in this category. Before sulfa drugs, surgical drainage of the middle ear was frequently necessary.

But still more important is the paradox that the very existence of many defects is evidence of our good health. Before the days of insulin a diabetic child would not live long enough to be recorded as a "defect" by the draft board. Many of the men listed as having tuberculosis would have long since checked in with the undertaker instead of the draft board were it not for modern medical diagnosis and treatment. Many with rheumatic heart disease would never have reached voting age without the supervision of skilled physicians.

Until two or three years ago children with the more severe kinds of congenital heart disease were doomed to a sedentary existence confined to the bed or wheel chair. Their faces were blue. They could not walk across the room without great effort. About one-half of these children died before puberty. With the miracle of modern chest surgery, these children need not die. Although the surgeon cannot make combat soldiers out of them, he can convert them from bed-ridden invalids into useful and happy citizens. When these children become of age, our draft boards will be able to record even more defects. Shall we operate and save these children? Or shall we let them die off so that our Selective Service statistics will look "better?"

Is a corpse healthier than a young man disqualified for military service because of diabetes? No indeed, we cannot use the Selective Service statistics as a guide to the health of our com-

(Continued on page 62)

# No Germ Ever Had a Home Like This

**T**HREE'S a spot on the rim of the Nation's Capital which is one of the most dangerous places in the world—and paradoxically, one of the safest. The site is on the grounds of the National Institute of Health at Bethesda, Md., and concentrated in the ultra-modern Memorial Laboratory.

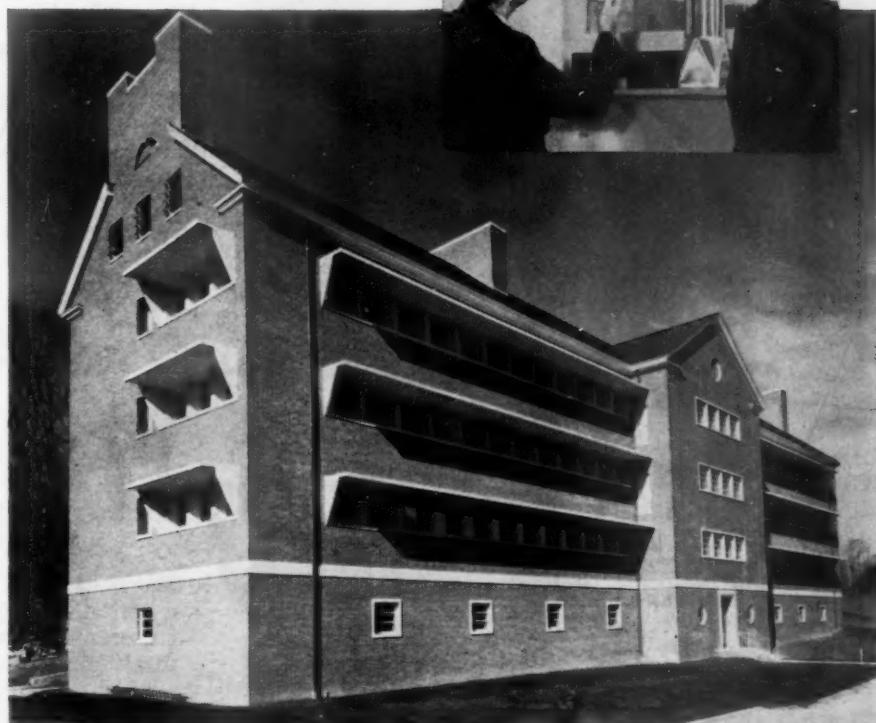
In this structure—scarcely noticed by the average passer-by—microbes, bacteria, viruses, and other vicious agents of deadly diseases are encouraged to multiply in order to provide clues for America's medical sleuths. The laboratory was built at a cost of \$1,200,000 after several mysterious maladies had turned on their trackers and taken 23 lives among the Public Health Service staff and had struck down 200 other germ-probers.

Completed about a year ago, the research center was designed to promote the culture and study of select microorganisms and their ilk and, at the same time, to prevent a surprise counterattack on their laboratory pursuers.

The laboratory is a veritable biologic Pandora's box. In it are nurtured such diseases as tick-borne Rocky Mountain spotted fever, parrot-borne psittacosis, undulant fever, typhus fever, poliomyelitis, the relatively new Q-fever, and that hardy perennial, the common cold.

For many years the death of a medical pioneer was considered a necessary martyrdom in the name of progress. Then, in the fall of 1944, the Public Health Service was jolted when within a few weeks three of its workers were infected fatally while prying into the secrets of two man-killing diseases. A woman bacteriologist succumbed to tularemia, carried by rabbits and spread to humans. A pathologist and a scientific aide were felled by tsutsugamushi, a Jap-named disease which at that time was more terrifying than the Jap armies in the Pacific.

The triple tragedy initiated a move to build a supersafe labora-



U. S. PUBLIC HEALTH SERVICE

**Memorial Laboratory, citadel of medical research. Inset:**  
**A device for forcing germ-laden air away from a worker**

tory, a move which was speeded up a few months later when Q-fever, a little-known infection, erupted and temporarily knocked out 47 research workers at the Institute. This was the second time Q-fever had boomeranged from a hunt into a laboratory epidemic. Five years before Q-fever had broken out, killing one and hospitalizing 16 others.

The laboratory is a red brick building, embracing a "clean" central administration section, and two "dirty" laboratory wings containing six identically equipped research units. The contaminated or "dirty" areas can be entered only through an interconnecting set of double-door airlocks. The scientist must doff his street clothes in the "clean" closet-size airlock, and then proceed directly into the adjacent "dirty" airlock to don white coveralls before entering the research unit. (Blue coveralls are worn in the non-contaminated areas.)

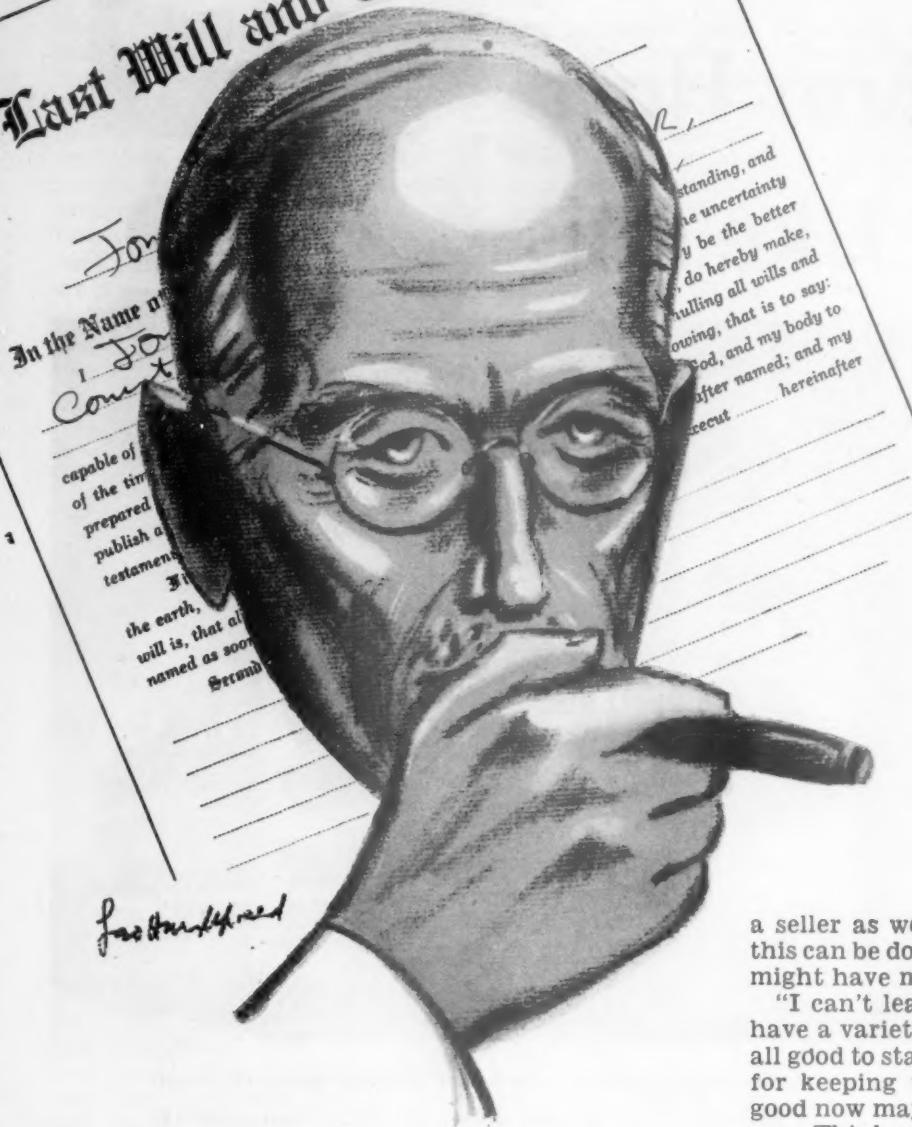
In leaving, the procedure is reversed.

Researchers conduct their investigations at glass-hooded tables, which have openings to permit free interplay of the hands but which protect the face. Inside the hood, ultraviolet radiation destroys exposed germs. The flow of air is pressure-forced away from the experimenter to the far side of a worktable into an exhaust slot, in which the outgoing air is sterilized. Similar pressure control directs the air inside the building away from the "clean" into the contaminated areas and out through electric-grid sterilizing outlets.

Sterilization is a fetish. Each research unit has three cubicles, for example, for tissue culture and other bacteriological work. Here the inflowing air is filtered through spun glass and then treated with ultraviolet irradiation. Devices which might spray or splash can be operated only in shut-tight cabinets.

—SAM STAVISKY

# Last Will and Testament



## I, Being

THE TIME comes when all of us must give thought to making a will, providing for the family. What can we do to assure the best return on current investments?

EVERY TIME I see my friend Doc Hawkins, in a neighboring village, his slightly bulging eyes glitter with perplexity. In full vigor in his early sixties, he thinks the time has come for him to make a will and he wants to provide for his family in a way to satisfy himself that he has not overlooked any bets. He has acquired a comfortable little stake, first by conducting a general store and then by buying and selling and operating farms. I think it was because of a drug counter in his store that people began calling him Doc—that and the fact that he is better informed than most of his neighbors and seems to deserve some kind of title.

It is generally agreed that he is honest and yet everyone says that, in a business deal, he is almost sure to give the other fellow a bit of a trimming—a consequence of Doc's careful scrutiny of every aspect that could possibly work to his disadvantage.

Now that he is giving thought to his will he has sometimes talked to me, as if to clarify his ideas.

"It's such a tough job," he remarked, "that I often think I'd like to leave my money to an enemy and let *him* worry about it. But I've got me a wife and unmarried daughters. I'm trying to figure a way for them to preserve my capital and also to have about the same buying power we do now, even if prices keep on going up. In a time of inflation a person wants to invest part of his money in a way to be

a seller as well as a buyer of commodities. Maybe this can be done by owning stocks of companies that might have more income as prices go higher.

"I can't leave all my eggs in one basket. I must have a variety of investments. But even if they are all good to start with, I have to think about the need for keeping up with the changing times. What's good now may not be nearly so good ten years from now. Think of the New York, New Haven & Hartford railroad. What a widows' and orphans' investment it once was, and now look at it! And I know a man who once got a good return from stock in a company that made buggy whips!"

Doc paused to relight his cigar and then went on. "The worst thing about leaving money to women



A few good bonds always are welcome

# of Sound Mind...

By FRED C. KELLY

or children without much business experience is that they may be talked into doing something foolish. There must be safeguards to prevent them from reinvesting in a risky way because some slick salesman gets to them. For two or three years now I have been trying to overcome that danger by driving as much business sense as I can into the heads of my wife and children. I don't tell them it's for their own good because then they might not listen.



"... she's a walkover for a slick salesman"

I just talk at the dinner table now and then; about what smart people do with their money, and hope a little of it will sink in.

"Last night I was telling them that a person is a sucker to buy any particular stock until the whole stock market has shown its ability to resist bad news. A good test of the market is news so alarming that it scares the daylights out of Wall Street. Whenever stocks are so low that it seems they can't get much worse and bad news hasn't much effect on them, when you can't find anyone who is the least bit hopeful, then is the time to buy the stock you think is better than most. If things are as bad as they look and the whole capitalist system is going to hell, the risk of buying isn't too great, because you'd probably lose your money no matter what you did.

"I tell my family that smart people never pay any attention to what they hear the neighbors saying—because the neighbors are usually people who invest at the top of the market rather than at the bottom. It's human to believe in the continuation of whatever is and, when people have seen stocks going up for a long time, they think the advance is bound to keep right on.

"You understand," Doc added, "I don't tell my family such things with the idea that I would want them to be watching for bargains and making shifts in investments when not absolutely necessary. Buying or selling whenever an opportunity

turns up is a job for expert speculators. All I have been trying to do is to drill into them the notion that things are not always as they seem; that they must be cagey.

"My wife's more intelligent than most women folk," he went on, "and she might be able to handle whatever I can leave. Then my children have gone to college and studied economics. Maybe they'll have sense about investments. I have no reason to think my wife will ever go off in some crazy direction. But you never know. Women sometimes get flighty periods as they grow older. I had an old aunt who took up with some society women who got her interested in a strange religious cult. The first thing we knew she was seeing visions and muttering strange words. If she'd had money she would have given it to the cause. As I see it, I've got to have a good plan and then tie it up in such a way that it must be followed."

"What about leaving all your funds with the trust department of a bank?"

Doc's eyes narrowed. "You've still got a job of picking and of human nature. There are trust departments and trust departments. If you don't pick the best—and one that'll stay the best over a lot of years—you've just postponed trouble. You haven't avoided it. However, the federal banking act passed in 1934 put restrictions on trust companies and trust departments that makes them take fewer risks than they once did. Today a trust department at its



Knowledge will come with education

worst can't help but do a better job than a woman of no business experience would do on her own.

"Speaking of bonds," said Doc, "I think a lot of people fail to distinguish between the good ones and the others. We say a man's word is as good as his bond, and the idea takes hold that bond means safety. A woman was telling me about a bond she had bought. 'It must be good,' she said, 'because it was endorsed by the best law firm in town.'

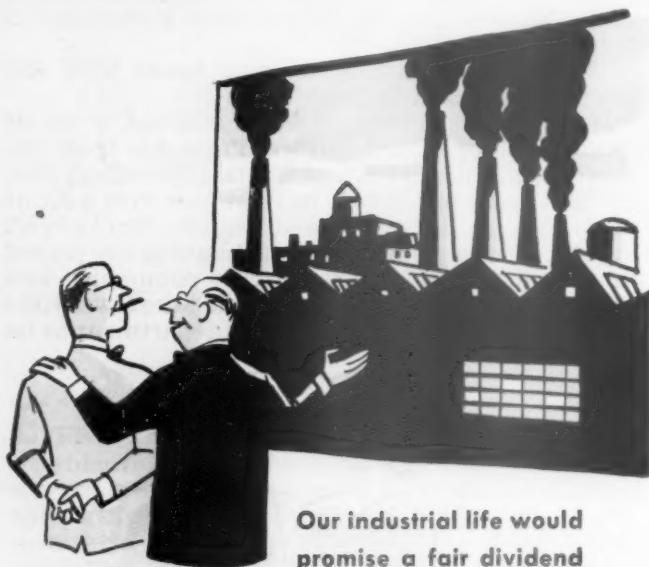
"Now, all the law firm had passed upon was the legality—whether the company issuing the bonds

had a right to do so. It wasn't the job of the law firm to say if the price to be asked was too much.

"It's surprisingly easy to pick the better bonds. All you need to do is to run your finger down the bond columns in your newspaper and notice which ones pay the smallest return at present prices. They pay less than the others because they have been bid up by buyers who think the principal is safe.

"Even when an industrial bond is a first claim on all a company's assets it may not be as good as it sounds. Suppose a company fails to earn enough to pay the interest and the bondholders take over the whole shooting-match. What good is the plant if they can't operate it profitably? If the experienced people who were running the business couldn't make it pay, how can a committee of bondholders do any better?

"I want a few good bonds in my estate just in case my family needs quick money for an emergency. But I don't want too many, because a period of inflation is no time for fixed income. You take a pair of shears and cut coupons from your bonds and get the same number of dollars each six months but the dollars will buy less and less. If your widow starts out with enough income and then discovers that it won't much more than pay the grocery bill, that's when she might do something desperate. She begins to think more about immediate income than about safety. Then she's a walkover for a slick



salesman. He might sell her a four-family apartment house with a mortgage on it.

"What's true of bonds is true of preferred stocks. Fact is, a preferred stock is neither bird nor fish. Frequently there are bondholders with claims ahead of it, the income is fixed and, if the company gets into trouble, it goes through what is called a reorganization. That is, the common and preferred stocks are reshuffled and the preferred stockholders have to agree to take what they can get.

"Life insurance is safe enough, in a way. Some of the companies are so big and so important that our Government wouldn't dare let them fail. But like other fixed income investments, the dollars doled out to widows and orphans have a disappointing buying power when prices of meat and bread and clothing are going up. Of course, an assured income will be awfully nice if the inflation ever reverses itself and your dollars will buy more and more. Maybe that will happen. But when?"

"How about farm land?"

"Since it was through dealing in farms that I accumulated most that I have, I think that's a good investment. It doesn't give a big return but it's fairly safe. My wife was raised on a farm and it's the one kind of business she knows about. Even at that, I doubt if it's a good idea to leave much of my estate in land. A man operating his own farm and doing a lot of the work himself can make it pay; but a woman owning it and having to deal with tenants is something else. There won't be enough return to give both the owner and tenant all they think they ought to have. Then the tenant, on the ground with the best opportunity to cheat, might be tempted. If he doesn't hunch any other way he may fail to put on enough fertilizer or to keep up repairs."

Doc paused a moment, took off his glasses and wiped the lenses.

#### Ownership of common stocks

"DO you know," he said, "common stocks are probably the best bet. We're a great industrial nation. Our efficiency in manufacture is the best in the world. Why isn't that a good thing to tie to? I was just looking up some records and there are a lot of companies that have paid dividends, without ever missing one, for more than 50 years. Fact is, a number of good companies have done even better. I notice that one fire insurance company hasn't failed to come through with a dividend since 1853. Several other companies haven't missed more than once or twice in nearly a century, and their prospects are still good.

"Of course if you own stocks it's kind of nerve-racking to watch their prices nose dive every so often. But a person who held on to a good assortment of common stocks continuously during the past 25 years would be far better off today than if he had kept his money in savings banks or in U. S. Government bonds. He'd have had more income and, unless he bought at top prices around 1929, he would now have more principal.

"Still, as we were saying, if you leave your wife common stocks someone might talk her into shifting to something not so good. There has to be some kind of a brake to prevent an untrained investor from acting foolishly. You've got to provide for expert advice. Who's to give it?"

"Have you thought about investment trusts?"

"Yes, I've thought about 'em and looked into their records. Some of them have done well. A few have shown deficits. You have to pick as carefully as you do any other kind of stocks. I notice that the shares in some of these companies are quoted at less than the total value of the stocks they hold. Is that because buyers are afraid the investment trust boys may make mistakes? Such companies do give you the advantage that you can get in on a greater variety of stocks than you could afford to own yourself. To buy only one share of, say, 30 different stocks, to divide the risk, might take more money than a small investor has. But you can buy into the investment trust which holds stocks of that same variety. And you get what's supposed to be the additional advantage of their expert supervision. Of course, they don't operate for their health. They charge a good-sized fee for their expertise."

"Some of the investment trusts," I suggested, "are supposed to make more money by buying stocks at low prices and selling at higher prices than they do from dividends."

Doc grinned. "If you're going to count on their making a lot of money that way, you've got to be—  
(Continued on page 74)



# WATCH YOUR WEIGHT

## 1. Once you're over 30, it pays to *watch your weight*.

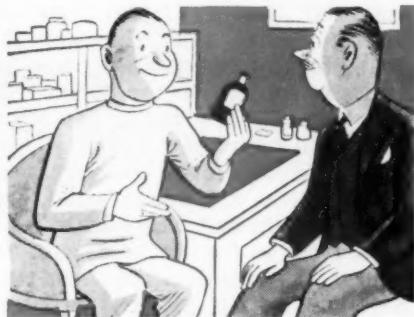
Under 30, a little overweight may be an advantage. But statistics show that when you are older, overweight is often associated with heart disease, kidney ailments, high blood pressure, diabetes, and other diseases.

So, if you're overweight, give some thought to protecting your health by bringing your weight down.



2. See your doctor first, so he can check your physical condition, suggest approved methods for losing weight, and advise you how much to lose.

3. Your doctor will be able to help you work out a tasty, varied diet that will let you lose weight without endangering health or strength.



4. He may also ask you about the type of work you do, so that he can advise you on the kind and amount of exercise you may take.

5. It's wise not to use reducing drugs, or to try special diets unless your own doctor recommends them. They may do you more harm than good.

6. Once your weight is down to normal, try to keep it there. Remember that one step toward a longer, healthier life is *watching your weight*.

To bring you other helpful information about your weight, Metropolitan has prepared a booklet called "Overweight and Underweight." It includes suggested low-calorie menus, and reducing exercises. Write to Metropolitan today for your free copy of this booklet, 58-P.

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## Metropolitan Life Insurance Company

(A MUTUAL COMPANY)  
Frederick H. Ecker, CHAIRMAN OF THE BOARD  
Leroy A. Lincoln, PRESIDENT  
1 MADISON AVE., NEW YORK 10, N.Y.



TO EMPLOYERS: Your employees will benefit from understanding these important facts about overweight. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!



Hand-painted pitchers, bowls and glasses find a ready market

## Glassware Rebel . . .

**I**N LANCASTER, a town in industrial Ohio where business success stories aren't exactly rare, the citizens talk in wonder about a pretty blonde named Fran Burn, 31 years old, who pyramidized a \$30 investment into a \$500,000 a year business in ten years' time. Her Gay Fad Studios which started in 1938 as a one-woman operation now occupies its own modern plant, has 50 employes, and has created a minor revolution in the glassware industry by making hand-painted tumblers and other glass objects on a production basis and with a big payoff.

Mrs. Burn, lacking architectural experience, designed her own plant; lacking teaching experience, set up a training course that turns temperamental artists into fast-paced production line painters; lacking production experience, set up a production method; and short on labor relations experience, devised a system of keeping employes happy and business humming.

Fran Burn is the daughter of an Export, Pa., coal miner who moved his family to Detroit in 1931. There she went to Cooley High School and later to Wayne University, and then on to Chicago to study art. After art school, she went into dress designing and was doing well, too, when one day she decided that fashions didn't intrigue her but designing products for the home

did. She got the idea when, as a hobby, she took to hand-painting metal wastepaper baskets. She painted up a gross of them in her spare time and had no difficulty in selling them at a profit.

She quit fashion designing and set up Gay Fad Studios, Inc., on the sun porch of her apartment—with Fran herself acting as raw material buyer, hand painter, packer, seller and shipper. The first gross of baskets cost her \$30 and she sold them for \$86.40. She sold three more gross as rapidly as she could turn them out.

Mrs. Wilhelmina Butcher, now head of the art department, was hired to help her. The basket business grew so fast that it soon required a building of its own. Kitchen utility pieces, canisters, salt and pepper shakers, trays and other objects were added to the line. Each design was new and original and the products sold so rapidly that the business spread to several other buildings.

The next success was a line of glass tumblers with hand-painted designs and there followed in rapid succession bowls, pitchers and other pieces all of which were gobbled up by local and nearby stores. More facilities were needed.

In 1945, she decided to move the business to Lancaster, which would give her a location central to the glass industry and an opportunity, too, for another radical step. Up

until then, "cold colors" had been used for decorating. These didn't require firing in a kiln but they also didn't permit much originality, color or charm. It was decided, therefore, to use ceramic type colors which required that the glassware get a long enough heat treatment to fuse the colors permanently.

So Fran designed and had her own factory built in Lancaster. Then she set to work to lick the problem of ceramic colors. She found that no matter what color was put in, what came out after the glass was fired was considerably different. Reds showed up as pink, orange and even pale peach. Pastels turned into brilliant reds, greens and yellows.

By July, 1946, Fran had solved the problems. Bringing the glassware from room temperature slowly up to a firing temperature of 1,200 degrees, then slowly down to room temperature again, the method amounts to a re-annealing operation and actually makes the glassware stronger than it was originally.

A system also was set up for training new employes. Young artists get a three-week course in methods of duplicating the original master designs which serve as patterns to be copied.

### Artists on production circle

A SIMPLE production system was evolved. Artists were put about revolving tables. With the sample to be copied centered on the table and a row of blanks around the edges, the table rotates to bring each glass blank to a position for the artist who removes it, paints and then replaces it.

To keep artists contented, Fran has each become familiar with various designs, lets them work on several to avoid monotony. They also get a kick out of the fact that this production line is different from the usual one in that each artist does a complete job.

She keeps all employes—there are 34 others in addition to the artists—happy with an easy, informal atmosphere, a recreation room, and plans drafted to give employes who have proved their worth a part in sharing the profits.

Once purely regional, Gay Fad sales are now national and getting larger. But Fran herself still hasn't become accustomed to being an executive. You're as likely to see her in the studio in a pair of paint-daubed overalls doing a little production work herself, as sitting crisp and cool in her ultra-modern office. —LAWRENCE GALTON



*Spoken words by wire? Amazing! That's how people felt when the telephone was young.*

## This strange invention grew and grew ... but never so fast as now!

In 1882, when Western Electric joined the Bell System, there were less than one hundred thousand Bell telephones and few cities were interconnected. Today there are 29 million interconnecting Bell telephones—carrying more than 166 million calls a day.

Western Electric has supplied most of the equipment for this tremendous growth. In all, Western Electric has made

50 million Bell telephones—over 10 million since the war.

Think, too, of all the complex equipment in more than 7,700 central offices—the more than 112 million miles of wire in Bell System circuits—the endless quantities and varieties of other equipment and supplies needed for your service—nearly all manufactured or purchased by Western Electric.

Schedules for production of telephone apparatus and installation of central office equipment in 1948 call for continuing record-breaking performance to help in meeting the nation's unprecedented demands for service.

By doing this huge job efficiently and economically, Western Electric helps to make your Bell telephone service the world's best at the lowest possible cost.

### MANUFACTURER...

of 43,000 varieties  
of telephone  
apparatus.



### PURCHASER...

of supplies of all  
kinds for telephone  
companies.



### DISTRIBUTOR...

of telephone  
apparatus and  
supplies.



### INSTALLER...

of telephone  
central office  
equipment.



# Western Electric

A UNIT OF THE BELL SYSTEM SINCE 1882

When you march on  
the small town market



## SUCCESS is a HOUSEHOLD word!

No trick to drumming up trade here! More than half of America's retail outlets are found in small cities and towns. And Household is the only big monthly aimed directly at this market!

But there's more to Household success than just reaching buyers. Household moves these bigger, better families to buy! With every issue, Idea-Planned editorial pages plant in their minds more than 255 practical ideas for easier, pleasanter living.

Today these big families have the greatest purchasing power ever. Yet Household continues to reach them at the lowest cost per page per thousand—\$2.25 for black and white, \$3.00 for 4 colors. No wonder "Success is a HOUSEHOLD Word!"

### Four Steps to Success . . .

- Sparkling new Household format!
- 38% more advertising—more 4-color ads!
- New high circulation—over 2,000,000!
- Still the lowest cost per 1000 readers—4 colors, \$3.00; black and white, \$2.25.

Capper Publications, Inc., Topeka, Kansas

# HOUSEHOLD

a magazine of action for small cities and towns

## Spots in the Feasts of Charity

(Continued from page 49) often exploited through what the social workers call a "crutch and mangled-body" campaign—could raise funds easily. Others, although perhaps more essential, found fund raising more difficult.

Eventually the conviction arose that people should "give with the head instead of the heart," and that their gifts should be used in the same common sense way. Out of this conviction grew the Community Chest which now functions in 1,100 communities.

### More campaigns

AFTER the war, however, there was an epidemic of "multiple campaign fever." Money was plentiful. Everybody had a cause. And the woods were full of promoters.

Oakland, Calif., illustrates the postwar trend. When the Chest was organized in 1923, more than 50 agencies consolidated their campaigns. But in the year ending June 30, 1947, the Chest drive was only one of 32 conducted by organizations with local offices. Sixteen additional campaigns were known to have been conducted by mail. Probably the number was much greater. The campaigns conducted from local offices raised \$3,341,625. How much was contributed in the mail campaigns, the Oakland General Appeals Board could not learn.

Many campaigns are conducted by about two dozen professional fund-raising organizations which operate nationally. Most of these, like the John Price Jones Corp., are legitimate businesses. Aside from raising money quickly and effectively, they perform a useful service in that they will not conduct a campaign unless convinced the cause is worthy and that the budget will bear critical scrutiny.

There are also as many as 150 less legitimate fund-raising organizations, many of which operate only in restricted areas. They are interested only in their share, which often turns out to be the lion's share. An agency, for example, wants to raise \$500,000 and contracts to pay \$50,000 to a professional to conduct the drive. He succeeds in raising only \$55,000. Nevertheless, he takes his \$50,000 and the agency is left with \$5,000.

Such things are impossible in Community Chests. Boards of competent and sincere civic leaders would not sanction them. Fur-

thermore, although much remains to be done, Chest boards have done much to insure efficient and equitable use of all available funds. But Chest boards have no control over national organizations or agencies in the community which won't affiliate or fail to meet Chest standards. As a result, the two principal Chest advantages—one campaign and sound budgeting—are only partially realized.

Before 1942 Red Cross chapters were permitted to affiliate with Chests. Discovering it could raise more money on its own, the Red Cross adopted a policy of complete independence. The explanation was that, because of its quasi-official status and its unusual national responsibilities, it could not subject itself to local Chest control. Many local Red Cross leaders, who do not agree with this policy, have been attempting to reaffiliate with Chests.

In a test case, the Van Wert (Ohio) County chapter rejoined the local Chest last year. Mr. O'Connor demanded the local Red Cross directors "disaffiliate" or resign on penalty of revocation of the chapter's charter. Standing fast, the local leadership has received the support of many other chapters. It remains to be seen, however, whether this rebellion can force reversal of the national policy.

Meanwhile, the problem is being attacked from other angles. The national Chest has been leading a movement to bring about consolidation of many national agencies, to be followed by comprehensive planning and budgeting in the same way the Chest works on the community level. Moreover, the National Information Bureau, formed by a number of the better national agencies, has been scrutinizing programs and budgets of all agencies and passing its appraisals along to communities.

Such efforts are helpful but the showdown fight will come in the community, and the giving public will make the final decision.

The public is not stimulated to give more conscientiously by the sort of statement that was made by a welfare agency head at the time of the recent Community Chest drive in Washington, D. C. The official said:

"It might be a good thing if the Community Chest collapsed. Maybe then, the people in this nation's capital of ours would see what the

Chest has been doing. Maybe, when they saw enough panhandling, and had their children assaulted by the jobless, and had their stores broken into by the hungry, they would be more in the mood to give to the Community Chest, instead of paying taxes when the crime rate goes up."

The giving public, if it is to be effective, must have a part in studying the local problem. Oakland, Oklahoma City, and Winston-Salem—to name only three of a number of communities—have created special solicitation committees to control all community-wide fund-raising activities. In the absence of official status, such committees will exercise control by influencing public opinion.

#### How worthy is a cause?

THESE committees review the worthiness of the cause, demand justification for the amount sought, determine the character and efficiency of the sponsoring group, and spread the campaigns by assigning specific dates. In national campaigns which have local quotas, they also determine the community's fair share and limit the quota to that amount. The Oklahoma City committee, for example, has determined that the community's fair share of any national goal is one fifth of one per cent.

If satisfied on all points, the committee gives a campaign its approval. If dissatisfied, the public is advised not to contribute. Obviously the success of the plan depends on how faithfully the people follow the committee's recommendations. This, in turn, will depend mainly upon the character of the committee members.

The Winston-Salem committee challenged the March of Dimes. It questioned the Foundation's need for more than \$15,000,000 in national reserves, plus almost as much "lying idle" in local chapters. It looked askance at campaign costs of 12 per cent, plus administrative costs of 15.5 per cent. It doubted the necessity for the organization's increase in "net" income from \$1,349,000 in 1939 to \$17,987,000 in 1947. These and other factors considered, it refused to approve the 1948 March of Dimes.

The American people have demonstrated that they will provide enough money to meet the need. Now it appears that they may be ready and able to demand—and rightly so—that it be "wisely distributed and efficiently used."

# Take your Choice!

WITH ordinary reservoir desk sets the points soon get gummed up from dunking in the writing fluid. But you don't have to be annoyed with this kind of a writing instrument in your home or office—not if you choose SAFEGUARD! You'll find that SAFEGUARD points stay bright and clean—always ready for instant action—no matter how long they've been unused! And with SAFEGUARD spilling is practically impossible—evaporation just about nil! W. A. Sheaffer Pen Company, Fort Madison, Iowa—Malton, Ontario.

## SAFEGUARD

*Cleanest on Earth*



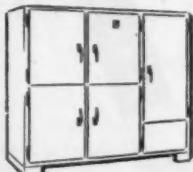
BY SHEAFFER'S



### Ohio Cafe Owner Installs a New Reach-in Refrigerator — Chooses Frigidaire

When Mrs. Edith Demas decided to buy a new reach-in refrigerator for her well-known Demas Cafe in Elyria, O., she had no uncertainty about the make she wanted. For, as she says, "I was sure both of Frigidaire products and of my Frigidaire Dealer, Ohio Public Service Co."

She adds, "I have more than had my faith repaid in dependable, low-cost operation and in fresher, better-tasting foods. I am more than satisfied in every way."



For the refrigeration or air conditioning you need, call your Frigidaire Dealer. Find name in Classified Telephone Directory.

You're twice as sure with two great names — FRIGIDAIRE made only by GENERAL MOTORS

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1615 H St., N.W. Washington 6, D.C.

\* Sponsored by: United States Chamber of Commerce, National Foreign Trade Council, National Association of Manufacturers.

## Doctor, My Statistics Feel Funny

(Continued from page 52) munity. They can be of limited use, only if we integrate them with other, more important data. To measure the health of a community, we must note the frequency of contagious diseases, particularly those which are so closely related to public hygiene, such as typhoid fever and dysentery. We must place proper emphasis on the infant and maternal mortality rates, and the morbidity and mortality rates from other diseases. We must make an estimate of the life expectancy of our community. Finally, we must give proper weight to the birth rate. No community can be considered a healthy one if the adult population is able to live but unable to reproduce itself.

Even when all this has been done, valid conclusions can be drawn only by experts because there are so many pitfalls. For example, as a nation or a community grows more and more healthy, the crude death rate (number of persons per 1,000 population dying from all causes) goes down. Eventually, however, a point is reached where continued improvement in the health of the community results in an increase in the crude death rate. In fact, because of our favored position in health matters, the United States, along with the Scandinavian countries and a few others, have already reached this turning point.

### Population is growing older

As we learn to control the contagious diseases and the decimating illnesses of childhood, more and more individuals survive to be enumerated in the older age groups. Gradually the composition of the entire population changes. A young community gradually becomes a much older one. Unfortunately we have not learned to prevent high blood pressure, heart disease or cancer. We have not learned to prolong the life of man indefinitely. Despite the advances of medicine, man is still mortal, and the death rate for old men is much higher than that for younger men. Thus a progressive and healthy nation may show a rising death rate. Its progress in health would then be reflected in an increase of life expectancy.

Because of the age and several other equally important factors, it is not easy to compare the "health" of one nation with that of another.

Errors are easily made and statistics can be tortured into a frame to support any particular kind of propaganda. It is still more difficult to evaluate the precise role of medical services in the health of a community. In recent years we have heard much about those poor, sparsely settled counties without general hospitals and without an "adequate" number of physicians. So far as I am aware, there is today no satisfactory basis on which to calculate how many physicians per thousand population is an "adequate" number.

During the war more than one third of our physicians volunteered for service with the armed forces. Thus, there remained for the civilian population not more than two thirds of its ordinary supply of doctors. In spite of this marked reduction in available medical services, maternal mortality was cut in half between 1940 and 1945. During this same period, infant mortality decreased by about 20 per cent.

This does not mean that we would have been still better off if all of our doctors had gone to war. It does mean that our health is not determined solely by the number of doctors and the number of hospitals. A striking illustration of this fact is the prevalence of venereal disease in the armed forces. In the Army and Navy there was one doctor for every 250 men which is equivalent to two to three times the number of doctors in our largest cities. Their services were not only available day and night without cost but special VD control officers pleaded with the men to use the facilities. These special officers conducted vigorous educational campaigns to instruct the men in the use of prophylactic measures. In every town of any size special prophylactic stations were established and kept open all night. At these stations men who had ignored the warnings of the medical officers could obtain early prophylactic treatment after exposure.

In brief, a soldier or sailor could avoid venereal infection or obtain treatment for it at no cost at all, but he did not get venereal disease for nothing. It took money to go out and pick up an infection. Nevertheless, venereal disease was rampant in every military establishment at home and abroad, and just as with civilians the rate was astronomically higher among col-

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ored troops. Indeed, despite the elaborate provisions for medical services in the armed forces, the ratio of the VD rate in colored service men to the rate in the white service men was precisely *the same as it was in the civilians* who were examined by the draft boards.

To be sure, medical care is an important element in community health, but it is not the only element, and it frequently is not the most important element. At one time in the Great Lakes region the women were very self-conscious about their big necks. The big necks were not a distinct heredity trait, but were due to the low iodine content of the water and of the vegetables grown in that area. The lack of iodine produced goiters not only in the women of the Great Lakes, but also in the dogs, the frogs and the fishes. With no significant change in the number of doctors, and certainly no change in the medical services available to the dogs, simple goiter has practically disappeared in both the human and canine population. This has been accomplished by the simple means of adding a small amount of iodine to the table salt.

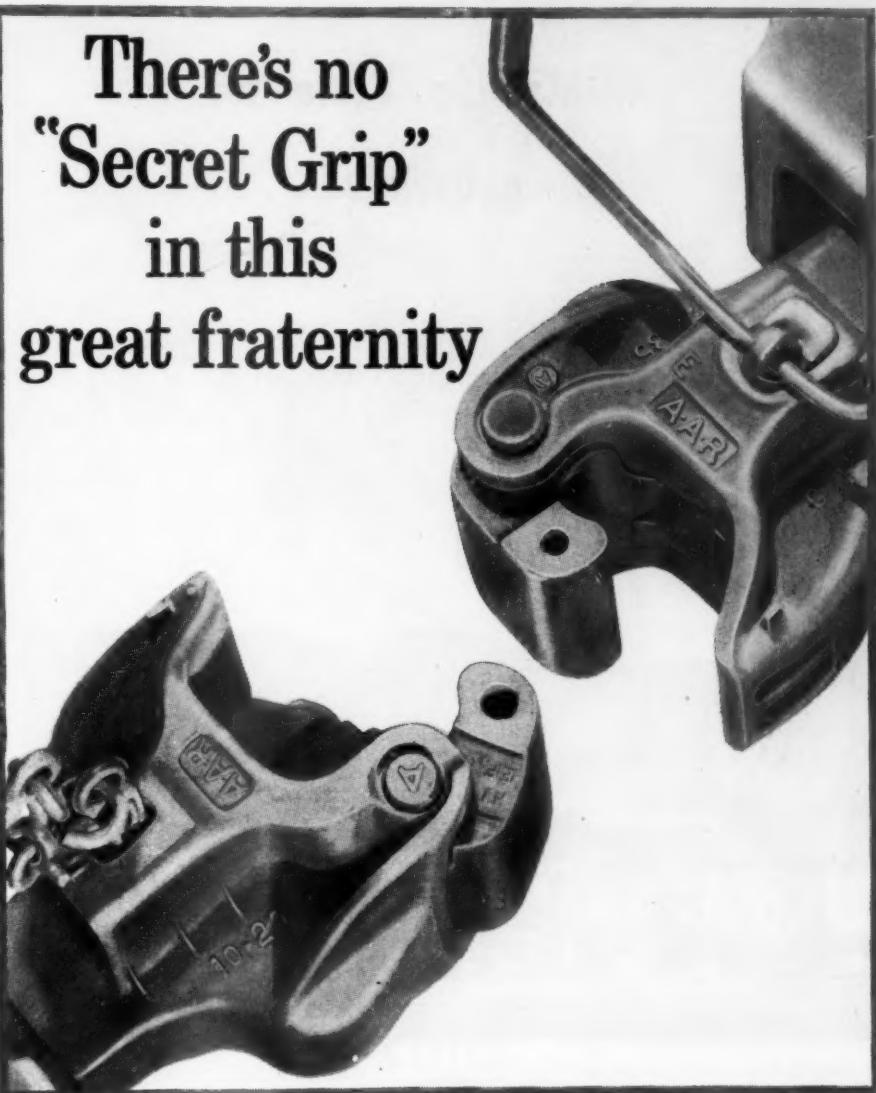
#### Housing affects health

IN your own community, geography may not play such an important role. The local housing situation may be much more important, particularly with respect to contagious diseases since they thrive in undernourished individuals jammed into overcrowded and inadequate dwellings.

And, speaking of housing facilities, we cannot overlook the outhouse, which has contributed so much to our humor but also to the spread of disease. There are large areas in this country where the installation of modern plumbing would do more good than the importation of a whole battery of medical specialists. There are equally large areas where the introduction of a safe water and milk supply would yield much larger health dividends than an increase in the capital investment of local hospital facilities.

We cannot do without doctors and hospitals—yet. Even if every individual in every community took full advantage of preventive and public health measures, we would still be confronted with the victims of those degenerative diseases for which we have no preventive measures. But, to a large extent, the number of persons forced to seek medical attention because of illness is a measure of our failure to utilize fully our

## There's no "Secret Grip" in this great fraternity



ANY freight car — of any railroad — anywhere in America — can be coupled to any other freight car.

This simple fact makes it possible to combine in a single freight train many cars loaded at many different points, moving toward many different destinations.

This in turn makes possible the low-cost continent-wide mass transportation system which only railroads provide. And on mass transportation depends the mass production which our nation must have to keep itself well fed, well clothed, well housed — sound and strong.

These rugged railroad couplers, whose "universal grip" often holds together more than 5,000 tons of loaded freight cars, are the product of never-ending research and tests. Begun sixty years ago by the Master Car Builders, this work is now carried on by the railroads through the Association

of American Railroads, the mutual agency for the betterment of all railroading.

This is just one example of how railroads, which compete with one another for business, also work together to improve such standardized and interchangeable parts as wheels, axles, trucks, brakes, draft gear, and safety devices. Such cooperation between railroads helps provide America with the most economical, the most efficient, and the safest mass transportation system in the world.

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RAILROADS**

WASHINGTON 6, D. C.

## Meeting Place for the Neighborhood ...



The one-stop shopping center is rapidly becoming as prominent a part of the community as the Public School. Make yours a landmark... through smart use of Visual Fronts. Modern flat glass enables your architect to give a group of stores a family resemblance without sacrificing individuality.

For modern shopping centers, glass is an ideal medium. Its sparkling beauty goes with all structural materials... harmonizes with the architectural style of every neighborhood. Its hard surface resists wear and weather, can easily be kept new looking, proves long-range economy.

The shopping center designed with glass stays up to date, adds prestige to the community for years. For ideas, write for our Visual Fronts book. Libbey-Owens-Ford Glass Company, 5658 Nicholas Building, Toledo 3, Ohio.



**LIBBEY·OWENS·FORD**  
*a Great Name in GLASS*

present knowledge. The quaint belief in some southern cities that "summer diarrhea" is caused by hot weather cannot be accepted as a bit of folklore. The unpalatable fact is that summer diarrhea, like typhoid and other related diseases, is evidence that the people are eating or drinking contaminated food, water, or milk.

Doctors and public health officials can watch over your drinking water and your milk supply. They can inspect your public eating places and warn you of any dangers in swimming pools and beaches. They can advise you in the control of contagious diseases and industrial hazards. But doctors and public health officers do not have the power of legislation on health matters. They alone cannot enforce existing legislation. These functions are properly in the hands of the public and its representatives. Even so, legislation and coercion are not the answer.

### Health needs education

WE cannot legislate good health into being any more than we could create temperance by the passage of the Volstead Act. Good health is not a commodity which the Government can deliver to you in a neat package. It cannot be administered to you out of the doctor's little bag. The attainment of good health requires the active and intelligent participation of every member of the community. Given all the paraphernalia of modern medical science, the well-being of the community will not improve unless the people are sufficiently well educated to take advantage of what is offered. In many sections of the country the chief barrier to improved health is ignorance.

What can you do to improve the health of our nation? As a citizen you can give your wholehearted support to any effort in your civic organizations to assess the health of your community and to single out and define your most urgent needs. As an individual you can begin your health crusade at home.

It is not enough to protect your family against infection and serious injury. Much of present-day illness is due to emotional conflict. To prevent these functional diseases, and more serious mental disease, there is nothing so important as the character of the home. Your children should have the emotional security that only love and a harmonious family life can give.

Finally, for your personal well-being, seek the advice of your doctor periodically for preventive services. Don't wait until you are

▲ Shopping center in Lubbock, Texas, gains the attraction value of an open-air mart, with all store interiors clearly visible through Polished Plate glass and Tuf-flex doors. Designed as a unit, it draws equal attention to each shop. Architect: Max Tidmore, Lubbock.

#### L-O-F GLASS PRODUCTS FOR MODERN SHOPPING CENTERS

**POLISHED PLATE** glass for show windows that reveal store interiors.

**TUF-FLEX\*** tempered plate glass for fully-transparent doors.

**THERMOPANE\*** insulating glass for windows where condensation is a problem.

**VITROLITE\*** glass facing for solid areas framing the transparent front. ®

acutely ill. The frequency of your regular examinations will be determined not only by your physical condition, but also by your age, and the medical history of your parents and grandparents. Let your doctor be the judge. No man or woman can hope to go through life without a few aches and pains.

In a vast majority of instances, these minor protests are of no more significance than the rattle of a loose tool kit in the trunk compartment of your auto. But some kinds of distress, even though mild, have frightening potentials. Your doctor can teach you to spot the warning signals important in your particular case. You can then disregard the trivia and avoid the status of a hypochondriac who sees a cancer in every wart.

Not everyone can afford to play tennis after his sixtieth birthday. For some individuals a jigger of whisky three times a day is necessary for survival. For others it is poison. Let your doctor review your mode of life, your diet, your habits. He will probably be able to make some worth-while suggestions which will prolong your useful life.

Even with our present level of national income there are undoubtedly many people who cannot shoulder the entire burden of a major illness. But the distribution of medical care in this country is not dominated by the economic factor. Take a look at your own community. The poor are not being neglected. Admittedly, our present methods for the distribution of medical services are far from ideal. We should continue to strive for something better. It is heartening that more than 30,000,000 of our people now have the benefit of Blue Cross hospitalization insurance. Another 20,000,000 have some sort of commercial coverage. In several parts of the country various experiments with prepaid medical care are on trial. From the experience of these enterprises we shall obtain a valuable store of practical knowledge to guide us in our quest for better health.

In the meanwhile there is no need for hysterics. We can well afford to resist any rash political action which would sabotage a system that has enabled us to become one of the healthiest nations in the world. Certainly the health of our country is not in such desperate state that we must rush to surrender complete control of our medical care into the hands of an all-powerful federal agency—an agency whose members are responsible for the propaganda to convince you that we are a nation of cripples and weaklings.



## Grandma knew all about combustion...

"A CLEAN LAMP burns brightly," that was enough for Grandma. She knew how to get the best performance out of a lamp even if she couldn't explain combustion in her own words.

She knew it had something important to do with cleanliness. "Keep it clean," she would say, "And you'll get the best results. It's as simple as apple pie."

Cleanliness is still the watchword of efficient combustion but the problems of "soot" (combustion residue) in today's high powered internal combustion engines are not as simple as apple pie. Today residual materials *must* be removed by arduous hand cleaning operations or by specially developed solvents. Two such



solvents are Cities Service Cisco Pep and Cities Service Solvent.

Cisco Pep, designed for lubricating the upper cylinder area of engines and freeing valves and rings, also leaves a protective lubri-

cant film on the cleansed surface. Cisco Solvent working on the crankcase zone removes and flushes away harmful sludge, "carbon," or abrasive material. Either, or both products, may cut your operating costs.

For further information or a free demonstration on your equipment by a Cities Service combustion specialist (in the Cities Service marketing territory East of the Rockies), write Cities Service Oil Company, Sixty Wall Tower, Room 120, New York 5, N. Y.

# CITIES SERVICE OIL COMPANY

NEW YORK • CHICAGO

In the South: ARKANSAS FUEL OIL COMPANY



**SAVE TIME...  
SAVE MONEY!**

**Locate Personnel  
quickly with a ...**

**STROMBERG-CARLSON**  
**Natural Voice Paging System**

• How often has an important customer had to wait while you tried to locate the one man who could answer his questions!

It's more than annoying. It's costly. It wastes your time and your customer's time. It causes costly work stoppages.

A Stromberg-Carlson natural voice paging system, designed and installed to meet your needs:

1. Locates any employee immediately.
2. Gives instructions clearly, understandably, naturally.
3. Increases executive accomplishments.

The name of your nearest Stromberg-Carlson Sound Equipment Distributor is listed in the classified section of your telephone directory, ... or write: Dept. NB4, Stromberg-Carlson, Rochester 3, N. Y.



**STROMBERG-CARLSON**  
NATURAL VOICE SOUND SYSTEMS



## The Front Office Goes Socialist

(Continued from page 44) directly concerned. It is true, in theory, that the Minister is not supposed to interfere in the everyday business of a nationalized enterprise, but has to confine himself to giving general directives on matter of major policy. This is, however, a mere fiction invented for the benefit of Members of Parliament, who are thereby deprived of the right to cross-examine Ministers on the affairs of nationalized business.

### One Minister or many

EVEN so, they are in many ways better off in this respect than the managements of non-nationalized enterprises because they have to put up with interference by one government department only, which fights their battles against all other government departments. The managers of private enterprise, on the other hand, have to deal with several governmental departments, each of which has the power to help or hinder. In a recent instance, a manufacturer of rails received within 24 hours instructions from the Board of Trade to reserve his output for export, and from the Ministry of Supply to work for home requirements.

Dependence on a government department, however, tends to make managers lose initiative and acquire the mentality of officials. Instead of fighting their way through difficulties, they are inclined to leave the fighting to their government department. Not so the managements of non-nationalized enterprises. Manifold new obstacles force them to renew that spirit to which nineteenth century England owed its progress, but which had died out because conditions had become too easy. Many of the present generation of managers have thrown themselves with zeal into the hard battle with which their great-grandfathers sought to overcome

difficulties when pioneering in some backward country. The following example gives an idea:

The Board of Trade informed a manufacturer of rope for lifeboat rockets that no export license could be granted to Iceland. As the firm has supplied Iceland for several generations, it appealed the decision, and argued that, since usually a large percentage of boats that get into difficulties near Iceland are British, the ban on the export of rope might cost hundreds of British lives.

No reply was received for many months. Meanwhile the Iceland importers became increasingly desperate, as their supplies were running out. Finally the firm decided to take matters in hand. It sent a consignment of rope to Ireland by a fishing boat leaving an obscure port. At the same time, the manager of the firm informed the Board of Trade that this was done, without disclosing the means of transport. In his communication the manager stated that he was aware that he had violated the law, and declared himself prepared to face the consequences if the Government decided to institute proceedings. So far the Board has not taken up the challenge; because, although it would be possible to get a conviction, the publicity attached



to the circumstances of this case would not do the Government much good.

Such instances, however, are exceptional. In most cases managements grumble but submit. Even their grumbling is half-hearted because, notwithstanding all the difficulties, they find it possible to work on a profitable basis. Thanks to the postwar boom, it is, in fact, difficult to avoid making a profit. For this reason, the top managements of British enterprise submit to Socialist interference in business with hardly any resistance, much as it may dislike the Government's policies and methods.

#### Boom helps private firms

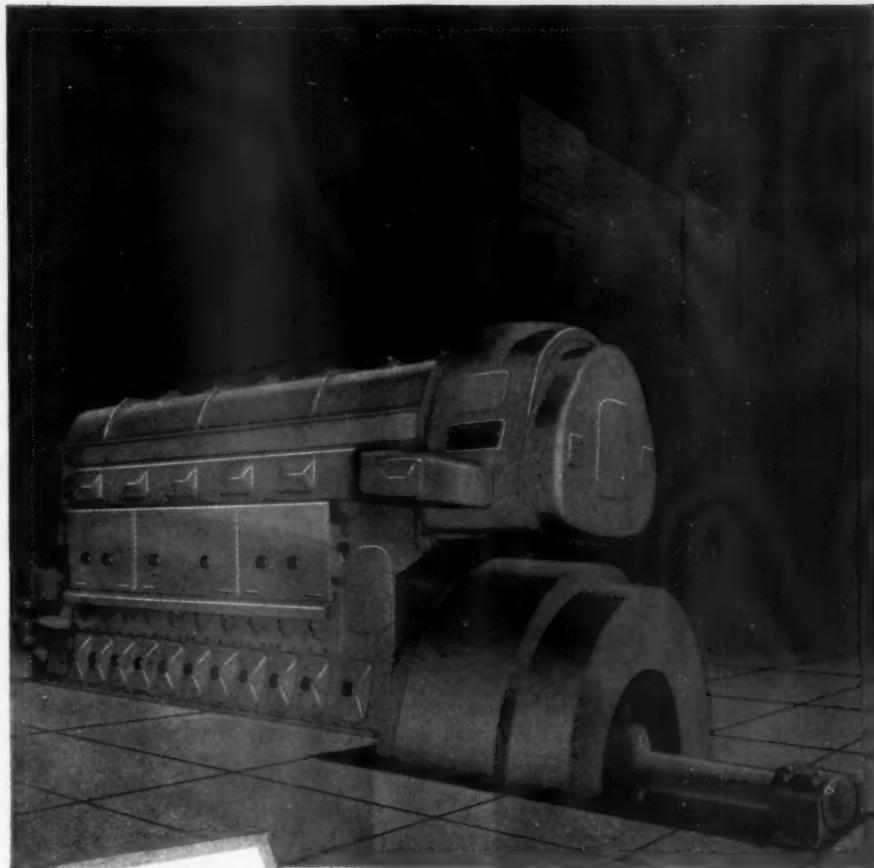
WHAT the position would be during a lean period is another matter. The present British regime may well be described as "Socialism tempered by postwar boom." Once the boom is over, the attitude of managements is likely to change. If and when profit prospects become dubious, many managements are likely to conclude that it is not worth their while to put up with government interference.

Business would then adopt an attitude of passive resistance rather than active opposition, and the managements would seek to curtail their activities. But, so long as the boom continues, there appears to be sufficient inducement for business managements to take the rough with the smooth.

Generally speaking, most executives regard themselves as non-political business men whose job is to run their banks, factories or merchant firms. To that end they must maintain tolerably friendly relations with the Government in office. It took more than two years for leading bankers to come out into the open with outspoken criticism of the Government.

Others actually speak in favor of the Government and willingly serve on advisory committees assisting the Government in shaping its economic policies. At the same time, they contribute to Conservative Party funds, not out of earnings which are practically taxed out of existence, but out of capital appreciation which is still free of tax in Socialist Britain.

In spite of all the anticapitalist legislation and government interference, the present position of British business men is far from intolerable. What their position would be if the next general election should bring in a more extreme Socialist Government—which is well in the cards—that is another matter.



#### Fairbanks-Morse Opposed-Piston Diesel Design . . .

Two pistons in each cylinder . . . delivering more power per cylinder, reducing bulk and weight, minimizing maintenance costs and "down time." Proved for years in toughest heavy-duty service.

#### For Diesel Engines . . .

## Outstanding The Fairbanks-Morse Model 38 Opposed-Piston Engine!

The Model 38's advanced two-cycle Opposed-Piston design eliminates 40 percent of the working parts of the ordinary Diesel engine. The Model 38 has no valves, no cylinder heads — produces up to twice as much horsepower per foot of floor space! For heavy-duty service as the main engine in small plants or a space-saving unit in larger installations, consider the basic advantages of the Model 38. See your Fairbanks-Morse Diesel specialist for full particulars.

Fairbanks, Morse & Co., Chicago 5, Ill.



## FAIRBANKS-MORSE

### A name worth remembering

DIESEL LOCOMOTIVES • DIESEL ENGINES • STOKERS  
SCALES • MOTORS • GENERATORS • PUMPS • FARM EQUIPMENT  
MAGNETOS • RAILROAD MOTOR CARS and STANDPIPES

## Can Russia Win a Shooting War?

(Continued from page 35) vanted or discovered penicillin, the steam engine, lightning rod, arc and incandescent lights, combustion motor, ship propeller, winged transportation, the processing of iron and steel and finally nuclear fission. No explanation is given as to why making the ideas practical was left to others.

The big effort of the present five-year plan which ends in 1950 has been to restore the wrecked industries in the Ukraine and western Russia and to erect new ones east of the Urals. German destruction was thorough and the rebuilding is impressive, but industrial production has not reached the 1940 level. The share for civil industry has actually decreased in many lines.

Under Soviet law, disclosing economic information is treason and denounced as "anti patriotic sycophancy." Reports of Gosplan (State Planning Commission) are the only permissible source of information. That for 1947, just released, is informative and illuminating.

The year's quota was exceeded by 3.5 per cent. Details are given for 22 ministries which went over the top and for seven that lagged or just made it. No figures are given for the ministries of aviation, armament or shipbuilding which are military secrets.

Other omissions are significant. The automobile and tractor ministry, for instance, came within two points of par but the output of automobiles was only 82.8 per cent and tractors 72.8 per cent of what had been planned. The Ministry for Agricultural Implements hit 100, but its output of agricultural machines was only 74.1 per cent of its quota. The obvious inference is that these ministries, as well as others, brought up their average by greatly exceeding their allotted production of military items which are secret.

**Iron and steel:** Iron and steel are the backbone of every country in war or in peace. From 1928 to 1937, steel production increased until only Germany outranked the Soviet Union in Europe. The United States was far ahead, and per capita output in Germany, England and France was several times that of Russia. By 1937, the Soviet Union no longer depended on American engineers and machines to erect its modern mills. But war

destroyed 60 per cent of its plant capacity and present production has not reached prewar level.

"Even the prewar capacity was inadequate to support a modest program of consumer production nor was it geared to that type," L. M. Herman of the U.S.S.R. division of the Commerce Department writes. "Optimistic Russian planners do not expect enough steel to supply all types of domestic needs before 1965."

In 1940, the Soviet Union produced 18,300,000 tons of steel. It is shooting at 23,400,000 for 1950, less than the United States produced in 1913.

The contrast between the two countries in their use of steel is even greater. In U.S.S.R. 35.1 per cent went to heavy industry and 37.3 per cent into machine building whereas the United States used only 22.2 per cent for both. U.S.S.R. allowed 2.5 per cent for automobiles and tractors and the United States used 12.5 per cent for automobiles alone. Farm machinery got 5.3 per cent in one country and twice that in the other. Local industry rated 3.4 per cent in U.S.S.R. and 19.1 per cent in the United States. Light industry and food took only 1.2 per cent in U.S.S.R. but absorbed 21.4 per cent in United States. In addition, the United States exported 6.2 per cent of its production.

**Petroleum:** The Soviet Union also is short of oil though claiming half the oil reserves of the world. Oil production was 31,200,000 tons in 1940 and, states the *American Review of the Soviet Union*, 27,300,000 tons in 1947. Installations were destroyed in the war but the United States donated four complete refineries and the engineers to install them at Orsk, Rubishev, Krasnodar and Gurev.

**Transportation:** Transportation is the heartblood of a nation. It measures a country's capacity for sustained effort. This is particularly true in one with industry and people as widely scattered as in the Soviet Union. While the United States averages a mile of railroad for every 13 square miles of territory or for 631 persons, the ratio in the Soviet Union is one to 148 square miles or 3,687 persons. Rolling stock and equipment are in proportion. In 1944 and 1945 the United States supplied 219,000 and 208,000 metric tons of rails, roughly

40 per cent of the Soviet Union's requirements.

The only considerable highways, outside of city streets, are from Moscow to Leningrad, Minsk and Kharkov. Roads and city pavements are so rough that actuaries limit the life span of an automobile to 8,000 miles.

When ice melts, rivers which flow into the Arctic Ocean are transportation arteries. New canals have been dug by slave labor while other countries are abandoning that slow transportation of departed generations. Old wood burners of czarist days still wheeze on the rivers but few new ones move on the inland waterways. For a country of its size, its commercial shipping and fleet are negligible.

The Soviet Union is rich in material resources and population but extremely poor in production compared to these potentials. Its newspapers are enlivened with announcements of new factories and discoveries of new resources and daily complaints of shortages, shoddy goods and inefficient management and work.

### Foreign trade small

THOUGH the Soviet Union looms large in world politics and problems, its role in world trade is small. Our exports to that country, last year, were valued at \$149,129,000, slightly more than one per cent of the total exports from the United States. As one third of these exports were the last trickles of UNRRA and lend-lease, Soviet purchases actually were only seven tenths of one per cent. Purchases exceeded gifts for the first time in several years.

In 1944, U.S.S.R. paid the United States for \$4,000,000 worth of supplies and was presented with \$26,000,000 worth from UNRRA and \$4,443,000,000 by lend-lease. Its sales to the United States, last year—mostly furs, manganese, chrome and platinum—were \$77,000,000 or 1.3 per cent of our total imports. Foreign aid gives the United States a highly favorable trade balance, mostly at our taxpayers' expense.

The Kremlin skirts as close to the dangerous border of a shooting war as possible. It wages a war of ideologies whose spoils of victory can be substantial. It enforces unity at home and fosters dissension in all other countries. It delights in trying the patience and good nature of the United States. Its diplomacy is skillful but, now that the pattern is known, is not mysterious. Knowing a clever opponent's game, we should be able to call the plays.



International Trucks and Diesel Crawlers team up to lay thousands of miles of crude oil, natural gas, and refined-product pipe lines. The trucks transport the pipe. The Diesel Crawlers hold the pipe for welding and they lay it in the trenches.



Two International Diesel Crawlers with bulldozers digging a slush pit and settling basin. Liquid mud from the pit is used as a lubricant.



Drill rig being loaded on an International "Western" Truck after well has been drilled. International "Westerns" are the largest trucks in the complete International line.

# INTERNATIONAL INDUSTRIAL POWER





EVER SINCE there have been attics, people have been storing stuff in them. And every once in a while, an attic is cleaned out and "collector's items" are found.

That's what's been happening under the eaves of the Library of Congress, a stone's toss from the Capitol in Washington.

The cleaning-out job got underway back in 1944. Archibald MacLeish, then librarian of Congress, called on Fine Arts Division members one day and suggested, "Let's go up in the attic and see what's there."

They went. They came down covered with dust and well pleased. They had discovered a treasure trove.

If the average American had this stuff stored in his attic he could "write his own ticket" for the rest of his life, and have enough money left over to take care of his tribe for several generations to come. Experts in Americana describe what has been uncovered—and what still remains to be classified—as the most valuable accumulation of such material in the world.

In the treasure salvaged thus far are rare books, original cartoons, pamphlets, songs, plays, early motion picture prints, scripts—and documents, some of which deal with South and Central American

## The Garret that Hid a Fortune

nations. One of the prizes uncovered is a group of etchings, the gift of the last emperor of Brazil, Dom Pedro II, who assisted President Grant in the opening of the Philadelphia Centennial Exposition in 1876.

There also is a rare etching from Cuba, made about the time that country was liberated from Spanish domination. It shows the first assemblage of what later was to become the Cuban army.

One of the first things found was a Currier and Ives print. When workers got through wading in the clutter of items they discovered they had a sufficient number of these rare prints to stage a public exhibition. Collectors found three that had been given up for lost. These are believed to be the only ones in existence. Some of the newly found prints have been valued by collectors at \$1,000 to \$1,500.

In a legal way, these prints belong to the library. They had been copyrighted in the library. But officials, along with the collectors, were unaware of their existence until they came to light under the ceiling that shelters the greatest collection of books and other paraphernalia in the world.

Lest people get the idea that carelessness in handling accounted for the disappearance of valued documents for so long, officials explain that the Congressional Library grew so fast over the years that it was difficult for workers to keep up with developments. As a result, many items had to be stored in the attic. Once there, they were forgotten, as other items poured in. Some of the documents and books date back to the beginning of the library, 148 years ago.

These articles originally were housed at the Capitol and moved over to the new library building and eventually into the attic when that structure was opened Nov. 1, 1897. The original stock of reading and reference material was ac-

cumulated following Congress' initial library appropriation of \$5,000. These volumes soon were augmented by others as greater use was made of the then existing facilities.

It's no wonder that stuff had to be stored without time being taken for complete classification when one considers the amount of material that pours in to the library. From July 1, 1945 to June 30, 1946, 4,291,346 pieces of material were received. This boosted the total to 26,764,975 items, and two additional years' contributions have been received since that time. In the items are bound newspapers, new volumes and pamphlets, pieces of manuscripts, reels of microfilm and motion pictures, late phonograph recordings, photographic negatives, prints and slides and pieces of music.

Keeping pace with this stream of material is a Herculean task, not only because each piece has to be classified, but because someone must see that it reaches its proper place.

Much of the material from the attic will be placed in the Library Annex across the street from the old building.

No one at the library wants to talk about the attic treasure trove at the moment. All prefer to consider the subject hush-hush. Even those now working on the inventory are reticent about discussing what is going on under the eaves. But, as one whispered, "It is only the beginning."

Some day the public—owners of this unearthed treasure—will get a chance to look at it. But not for a while. Getting it out is truly a formidable task.

It took 50 years to accumulate, store away for that rainy day when it could be examined. It may take many years to get it in shape for public presentation.—JOHN J. DALY



## Tunes Pay Off for Timken



WHAT MAY be an innovation in employee relations has been launched by Timken Roller Bearing Company. It is a radio program directed to employees, their families and friends living in Ohio cities where the firm has plants.

There is no commercial. Neither by transcription nor in person does any company official make an appearance or voice a thought.

Instead, the announcer says, "Kittie Jones of Department 28-A at Canton asks us to play 'The Rosary' in honor of her foreman, Joe Burns', birthday." Comes "The Rosary." Next may be a request from members of a department at the Columbus plant who want to pay tribute to a couple marking an anniversary.

The program is the idea of Vic Decker of WCMW, a radio independent in Canton. He selected Timken as being the town's leading industry and hence the logical one to sponsor such a program. Company executives, dubious about the value of the idea, signed up for a trial 13 weeks, an afternoon half-hour five days a week. Soon the sixth day was added; then Sunday for a full hour. Before the 13 weeks were ended, papers had been signed for a full year.

The program is self-perpetuating. Employees originate the requests, using cards placed throughout plants (Canton, Mt. Vernon, Columbus, Wooster and Gambrius). Correspondents for the house magazine forward the cards to headquarters.

Fan mail is frequent. Requests generally are for popular stuff.

—FRED B. BARTON

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J. W. Hill, Vice President-Freight Traffic  
La Salle Street Station, Chicago 5, Illinois



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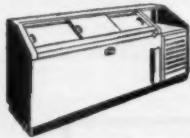
"WORLD TRADE WEEK" MAY 16-22, 1948  
"WORLD TRADE MAKES GOOD NEIGHBORS"



## Buy New Beverage Cooler For Bar in Illinois Capitol City — Chooses Frigidaire

"We bought a Frigidaire Dry Beverage Cooler because any time-saving feature is important in our business—and this cooler is easy to use," says Larry J. Cusick (above), manager of The Sazarac, popular bar in Springfield, Ill.

Mr. Cusick reports a definite saving on operating expense, as compared with ice equipment formerly used; he also praises the smart appearance of the Frigidaire Beverage Cooler. Erio Sales & Engineering Co., Springfield Frigidaire Dealer, made the installation.



For refrigeration or air conditioning you need, call your Frigidaire Dealer. Find name in Classified Telephone Directory.

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Jord Baltimore Hotel  
BALTIMORE, MARYLAND

## I, Being of Sound Mind . . .

(Continued from page 56) believe that there are people who always know when stocks are too high and when they're bargains. You've read these market letters written by people supposed to be experts.

"Maybe the catch to investment trusts, if there is a catch, is in believing that a group of men, for a good fee, will buy stocks as cautiously with your money as with their own. Even at that, they probably do better than the average investor would do. But you still need safeguards to prevent a widow from selling investment trust shares at the wrong time. I'll bet the way to win with good investment trust shares is to stay with them for the long pull."

Then I told Doc the story, which I happen to know is true, about the ink spots.

In the investment department of a big bank, one of the vice presidents was working over a compilation of scientific data when he chanced to shake his fountain pen, to make the ink flow. Drops of ink scattered and fell on a newspaper lying on the floor. The paper happened to be open at the financial page and fine particles of ink touched the names of 30 or 40 different stocks. That gave the vice president an idea. He sent for two or three of his assistants.

"Let's pretend," he said, "that we picked these stocks by throwing ink at random, not today but back at the beginning of the big bull market in 1924, and kept them until now. Then let's compare the

results with the lists we made from our carefully compiled statistics."

The statisticians set to work and discovered that the ink-spot list was better than any other list they had! In groping for an explanation, the bankers said that by using pure chance, eliminating all prejudice and judgment, they had given the law of averages a chance to work.

### Choosing variety

"WHAT do you think you'll finally do when you draw your will?" I asked.

"I haven't fully made up my mind, but as of today I think I'll invest as carefully as I can myself, leaving as little as possible for others to do. I'll buy common stocks in high grade companies that have research laboratories and that have not had too serious labor trouble. Then I'll add some shares in an investment trust. With a few bonds and my life insurance I'll have a pretty good variety."

"Then I'll have the whole thing looked after jointly by a lawyer friend and the trust department of a national bank. I'll provide that they must make reports every three months to the beneficiaries and also to another friend of mine who is a good investment counselor. A further provision will be that, if the investment counselor doesn't think the trust company and the lawyer working together are doing a good job, he shall bring this to the attention of the Probate Court and raise a ruckus!"



# Your City Can Be Run Well

By CARLISLE BARGERON

**CITIZEN EXPERTS are showing cities and states how to save millions of dollars of taxpayers' money**

THROUGH a movement founded more than 40 years ago, business men today spend \$3,000,000 a year toward increasing the efficiency of their state and municipal governments. The money supports some 300 governmental researchers.

It is a good investment, as you will see.

These researchers function through taxpayers' associations, local chambers of commerce and municipal bureaus in 125 cities and 40 states. They have their own national organization—the Governmental Research Association.

For the most part they work anonymously. They avoid politics. They seek to cooperate with elected officials, regardless of party. Their job, as they see it, is to get the job done—and to let the politicians get the credit.

Generally, the researchers depend on cooperation. Most public officials, they say, are conscientious and want efficient government, if it doesn't militate against re-election. When officials fail to cooperate, as happens occasionally, the researchers turn on the heat of publicity.

This fact-finding movement got its start in New York City back in 1906 when the Bureau of Mu-

nicipal Research was formed, financed largely by John D. Rockefeller, Andrew Carnegie and R. Fulton Cutting.

In those days a city government rarely had a central procurement agency, a central accounting department or even a budget. So long as a city official had access to money, he could spend it—and sometimes even when he didn't have. A lump sum would be allotted to, say, the street department. The department head would pay out the money as he saw fit.

One of the first research workers hired by the Bureau of Municipal Research was Henry Bruere, now president of the Bowery Savings Bank.

Young Bruere was able to impress his new employers by showing them how to speed up the stamping of letters. He sponged a lot of stamps at one time instead of moistening each stamp separately. He had picked up this technique, after

**The governments of 125 cities and 40 states are now under constant study by citizen researchers**

HARRY CIMINO



graduating from college, in brief service with the International Harvester Company. It was one of the early "business methods" the citizen researchers introduced into government.

From this simple beginning the researchers have piled up an impressive list of achievements. In a large measure they are entitled to credit, not only for the budgetary, procurement and accounting practices now used in city governments, but also for the many basic charter reforms which have eliminated duplicate functions.

#### To spend taxes wisely

FEW specific tax reductions have been credited to the researchers, but, as they point out, it is impossible to say how high local taxes would have climbed except for their work.

Mr. Bruere, in occasional talks before the Governmental Research Association, to which 90 per cent of the researchers belong, emphasizes that tax reduction is not their primary objective.

More important, he says, is to see to it that tax money is spent wisely.

The researchers feel that perhaps their greatest accomplish-

ment is not any specific reform, but the fact that they have gained acceptance by state and municipal budget makers and attend their meetings as a matter of course.

For example, the Department of Governmental Research of the New Jersey State Chamber of Commerce, of which Alvin H. Burger is director, frequently is called into consultation by the governor, committees of the legislature and local governing bodies. Former Gov. Charles Edison drew on the Department for an administrative survey of the Highway Department, and also for a survey which led to reorganization of the state's central purchasing system.

Similarly, Walter E. Edge, when he was governor, relied on the Department's research in formulating his program in 1944 for actuarial pensions for state police and firemen, and for making needed budget reforms.

Every year since 1940, Mr. Burger has been invited to sit in on the sessions of the legislature's Joint Appropriations Committee.

The Department has done important work in connection with New Jersey's highway system, state police organization, consolidated budget, zoning, legislation, state equalization aid for public schools,



The researchers work quietly,  
let politicos take the credit



Years ago an official could disburse money as he saw fit

and pension funds for state, local and school employees.

Its fact-finding activities also contributed much to a campaign a decade ago to put New Jersey's municipal and county governments on a cash basis. Today every one of the municipalities and 21 counties in the state operate on a balanced budget.

Using facts dug out by the Department, the State Chamber has occasionally inaugurated a "get-tough" policy. Twice in the late '30's a free-spending legislature was forced to trim its appropriations sharply as a result of data compiled by the research staff and publicized.

The Department's first head, incidentally, was Charles A. Beard, the historian.

#### Economy by planning

ONE of the prime movers among the researchers is Carl P. Herbert, president of the Governmental Research Association. Back in 1921, with the help of local business men, he organized the St. Paul Bureau of Municipal Research. The Bureau sponsored organizational changes in the St. Paul government



If need be, they use publicity to win over a balky official

to put the city's financial administration under a single official.

It studied proposed capital improvements and recommended alternate plans designed to accomplish the same thing at lower costs. For instance, a program for new school facilities was studied and an alternate plan drawn up which provided all the essential new facilities at a fraction of the cost of the original plan.

On another occasion, Mr. Herbert was able to show the state government how it could get for \$25,000 liquor stamps for which it was paying \$125,000—a saving of \$100,000 on one printing bill alone.

In a recent report the Bureau revealed that St. Paul was in effect subsidizing surrounding suburban communities by providing water, sewage, fire protection and other municipal services at less than cost. As a result, service charges were increased and St. Paul citizens were relieved of a substantial tax charge. Mr. Herbert sits in regularly with the city's budget makers.

The Baltimore Commission on Governmental Efficiency and Economy was organized in 1929. Since then the Commission's staff has made about 600 studies covering

practically every phase of the city administration.

Its record of achievement includes installation of centralized receipts, payrolls, disbursements and inventory. Baltimore's audit rating was among the lowest in the country; it is now one of the highest.

Recently the Commission released a study of welfare administration, undertaken at the request of city and state officials. The report, which received national attention, demonstrated that Baltimore's welfare procedures were producing "professional relief clients." The *Baltimore Sun* followed up this report with a series of articles on the subject and received a Pulitzer Prize for public service.

#### Program of improvements

FOR 13 years New Orleans' Bureau of Governmental Research had been making recommendations, but it was not until 1946 that a reform mayor asked it to draw up a program. Lennox L. Moak, the Bureau's executive director, reports some of the things the program accomplished:

1. The police department was reorganized. A cumbersome police

board was abolished and the police superintendent made directly responsible to the mayor. A central complaint bureau was set up, so that all complaints are now under definite control from the moment they come in until final disposition. The number of police precinct stations was reduced from ten to seven, releasing substantial desk personnel for active police work.

2. Formerly the city's recreation function had been distributed among numerous small agencies whose programs varied widely in effectiveness. A central department of recreation was established and a well-rounded recreational program developed.

3. A new department of streets and bridges was set up with responsibility for all street construction and repair.

4. Library facilities and archive functions were consolidated, service improved, personnel reduced.

5. An unnecessary fire department board was eliminated, and fire-fighting, fire prevention and fire alarm services consolidated. A training school for new firemen was established. A program for replacing outmoded equipment was put into effect. Several new fire



Today, experts insist that the tax dollar be spent wisely

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stations were planned for areas not previously serviced.

6. A traffic engineering section was created and a professional staff appointed to study traffic problems.

7. A division of regulatory inspections—building, electrical, mechanical, elevators, gas—was created, and the work put under the direction of a single commissioner.

8. Formerly three separate units collected the city's revenues and two departments kept records. These were consolidated and the personnel reduced almost one third.

In New York City, the Citizens Budget Commission recently released a study of five city departments—fire, police, sanitation, correction and public works—undertaken at the request of Mayor William O'Dwyer. The report points the way to operational savings of more than \$30,000,000 a year.

As an example of the stand-by activities of these citizens' agencies, the Philadelphia Bureau of Municipal Research, founded in 1908, recently saved the city \$200,000,000 to \$300,000,000 on a new water system. The city had engaged consulting engineers, who recommended that a mountain water source be developed and that the water be piped a distance of about 100 miles. It was to cost \$300,000,000 to \$400,000,000.

After a study, the Bureau recommended that a modern purification plant be built for the present water system at a cost of \$100,000,000. The City Council adopted this plan.

**Improved financial practices**

THE PROVIDENCE, R. I., Governmental Research Bureau was established in 1932. At that time, and through the depression years, many of the city's expenditures for current operations were financed by borrowing; there were practically no expenditure controls. In costs, the city was among the highest in its population group.

The Bureau went to work to lay the foundation for charter changes, expenditure controls, and the cessation of heavy borrowing. First step was adoption in 1940 of a new charter.

Under the charter, city financial records were post-audited for the first time.

A purchasing department was established in 1941, and a budget department in 1942. In 1945 an integrated finance department was set up. A scientific assessment pro-

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cedure was adopted, and a Board of Tax Assessment Review was established to hear complaints.

Accounting procedures were modernized and a system of daily financial reports instituted for administrative control.

Welfare services were reorganized and an integrated case-load system adopted.

A training program was established in the fire department, and a departmental reorganization accepted that will reduce the number of fire stations and fire companies and, at the same time, give greater fire protection.

Providence's net bonded debt was reduced from \$60,000,000 in 1941 to less than \$47,000,000 in 1947. There was no borrowing.

Instead of being one of the highest cost cities in its population group, Providence is now in a medium position. Today its government costs less than before the war.

### Attacking the overhead

IN 1944, Arkansas had a two-cent sales tax which went to the school fund, and state officials were preparing to submit to the voters the proposition of raising it to three cents to increase teachers' salaries. Steve Stahl, then executive director of the Arkansas Public Expenditures Council, demonstrated that only 38.6 per cent would find its way into the teachers' salary fund because of a disproportionate overhead under which the schools operated. The proposal was withdrawn and the next year the state's entire revenue setup reorganized.

Publicity is a favorite device of Norman MacDonald, executive di-

# Needed \$50,000 Quickly and couldn't get it from present sources

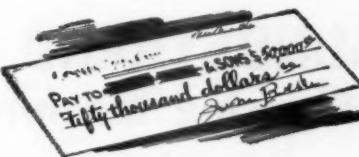
An important customer had just placed his first large order. The company planned to step up production, take on more help, buy extra equipment . . . but they were completely stymied when their source of credit turned them down.



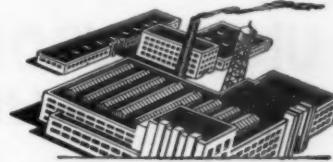
1 Unless the company wanted to try to increase working capital by taking in a partner (there was no time to float a stock issue), they would have to turn down the order and thus pass up this long-awaited opportunity to expand.



2 Then the company treasurer read Commercial Credit's book, "A Better Way to Finance Your Business." It told how their Commercial Financing Plan could supply the needed money at once . . . and how favorable the cost would be.



3 \* ■ & SONS contacted their nearest Commercial Credit office. Within 48 hours they had the necessary funds at their disposal. They filled their new customer's order on time and started their long-range expansion program.



4 Now they use Commercial Credit regularly in their rapidly expanding business just as so many other manufacturers and wholesalers do who have discovered the flexibility, low cost and other advantages of this Commercial Financing Plan.

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IF ADDITIONAL operating cash will help your business, investigate our plan. A company in Portland wrote, "... enabled us to appreciably increase volume of business . . . make more profit." Los Angeles firm said, "... a great deal of the success of our operations was due to . . . Commercial Credit."

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rector of the Massachusetts Federation of Taxpayers' Associations, in holding the Bay State's budget within bounds.

A few years ago, the legislature was called into special session to deal with hurricane damage in the state. In its zeal it appropriated funds for such items as repairing a building that had not been used for 100 years. Mr. MacDonald successfully pressed a large number of taxpayer suits to curb the expenditures.

On another occasion he prevailed on the committee considering the budget to meet in a large hall outside the capitol, into which he marshaled some 7,000 budget-conscious citizens.

### Awards for aiding city

THE INDIANAPOLIS Chamber of Commerce's Bureau, directed by Carl B. Dortsch, has twice won the John N. Van der Vries award given each year by the National Association of Commercial Organization Secretaries for outstanding organizational work in large cities. In 1940 the award was for the Bureau's revelations of scandal in relief administration and the bringing about of needed reforms. The second award, last year, was for the formulation of a finance plan by which the city could absorb a \$25,000,000 postwar improvement program.

An accomplishment of the Bureau was stopping the practice of communities within the broader boundaries of the city from incorporating themselves and thus escaping their share of the expense of the Indianapolis government.

The majority of the men in this new research profession are in their mid 40's and 50's, and have more or less just migrated into it with their college training in political science and economics.

Youngsters are now being encouraged by interne courses, notably at Wayne University in Detroit, at the University of Denver and at Syracuse. Here they study for two years, six months of each year being spent getting practical experience in established research agencies. On being graduated, they receive a master's degree in public administration. Salary range is \$3,000 to \$12,000; in some instances the ceiling is higher.

In the past two years, Mr. Herbert has recruited 30 researchers to work with congressional appropriations committees.

Despite the maze of federal bureaus, they have not yet become discouraged.

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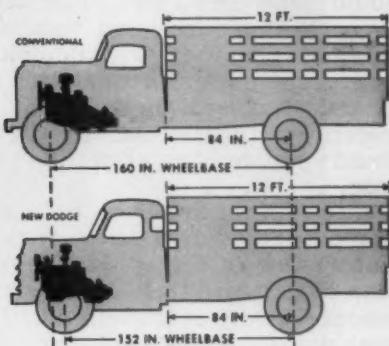
## Read this 10 Point Comparison

(Dodge Model F-152; 14,500 pounds Gross Vehicle Weight—and Comparable Competitive Models.)

FEATURES AND ADVANTAGES	DODGE "Job-Rated" TRUCK	TRUCK "A"	TRUCK "B"	TRUCK "C"	TRUCK "D"
Wheelbase	152 in.	161 in.	158 in.	159 in.	161 in.
Cab-to-Axle—to take 12-foot body	84 in.	84 in.	84.06 in.	84 in.	84 in.
Wide-Tread Front Axles (shorter turning—more stability)	62 in.	56 in.	60.03 in.	58½ in.	56 in.
Modern "Cross-Type" Steering	Yes	No	No	No	No
Turning Diameter * —Left —Right	50½ ft. 50½ ft.	61½ ft. 61½ ft.	60½ ft. 54½ ft.	54½ ft. 54½ ft.	68½ ft. 66½ ft.
Maximum Horsepower	109	93	100	93	100
Total Spring Length (Front and Rear "Cushioned Ride") †	194 in.	171½ in.	162 in.	176 in.	182 in.
Cab Seat Width (Measure of Roominess) ‡	57½ in.	52½ in.	51½ in.	47½ in.	52½ in.
Windshield Glass Area ▲	901 sq. in.	713 sq. in.	638 sq. in.	545 sq. in.	713 sq. in.
Vent Wings plus Rear Quarter Windows	Yes	No	No	No	No

\* To outside of tire (curb clearance.) Computed from data based on tests or computations obtained from usually reliable sources. † All four springs. ‡ Measured from production models. ▲ Computed from width and depth measurements; no allowance for contours.

Better Weight Distribution  
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Front axles have been moved back, engines forward, placing more load on the front axle. While cab-to-axle dimensions are the same, wheelbases are shorter, giving better weight distribution, and increased payload.

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You get still more comfort from new "Air-O-Ride" seats, with their easily controllable "cushion of air."

### CONVENTIONAL LEFT TURN



DODGE "Job-Rated" TRUCK  
LEFT OR RIGHT TURN

### CONVENTIONAL RIGHT TURN

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- 6—7-INCH SEAT ADJUSTMENT . . . with safe, convenient hand control.
- 7—"AIR-O-RIDE" CUSHIONS . . . adjustable to weight of driver and road conditions.



## When Satraps Ride the Range

(Continued from page 38)  
could sing like—well, like Burl Ives, for instance—and was welcome at every cook fire, saloon and hog ranch. Unfortunately, he lacked that cool detachment so necessary to success. He never could see more than one side of a case.

A few days after Dave Bain and the cattlemen had their ruckus, Hank came into Old Man Hyatt's store, learned the details and brooded loudly over them much of that night and the next day—and that afternoon rode down to Dave's to set things right.

"Where," he asked Jay Bain, who was the easy-going six-foot-three brother of the buffalo hunter, "is that weasel-eyed little sheep lover who shoots at people?"

Jay said his brother was not on hand.

"Tell him," said Big Hank, whipping Jay over the head with his six-shooter, "that I'm coming for him tonight."

The rest is too much of a story to be ruined by brevity, but when Hank fell from his rearing horse into the big spring, with a bullet through his middle and we carried him into Bain's cabin, and laid him on the blankets he lived up to the Hollywood tradition.

"Pull off my boots," he ordered.

He was seven hours a-dying. In the sixth hour he said:

"My father said I'd die with my boots on. He always was a damn old liar."

### Game proves ample grass

EVIDENCE that the range is not overgrazed is that wild game has increased so greatly that the elk, deer and antelope are next to a nuisance. It isn't so many years ago that the antelope were reported to be almost extinct. The cattlemen mourn—rather *sotto voce*—that the game eat a lot of grass that might better be devoted to beef critters, but they cannot advance this argument too loudly in Wyoming, because hunters maintain that the game-shooting business brings more money into the state than does the cattle industry. The cards are stacked against the cattleman, anyhow, and if he interfered with this source of revenue he might find himself going hungry to bed.

The deer and elk graze in the mountains and foothills. Most of this grazing area is controlled by the Government in its forest reserves or other withdrawn areas. Cattle and sheep are admitted to these areas during the summer season under regulations strictly

controlling their numbers and on the payment of a fee. If free-for-all grazing were permitted—every man for himself—the summer range would be bare of grass to the bedrock after a few seasons, to the injury of everyone. With no knowledge of over-all conditions, the individual cattleman and sheepman would be in competition with each other. Each would run every head of stock he could.

J. B. Okie—of the Washington and Baltimore Okies—used to run a big sheep outfit with headquarters on Lost Cabin Creek in Wyoming. He was graduated from Annapolis, quit the Navy, and went into the sheep business with a borrowed stake of \$5,000. In the first winter he lost half of his initial herd of Mexican bare-bellies. But the range was free and Okie was a smart man and pretty soon had sheep on every hill. They were good sheep with Spanish pedigrees and when he went East he wore clothes imported in tin cans from Bond Street.

### Big outfits are passing

SOME years ago he determined to move his outfit to Mexico. The Government was interfering with him entirely too much. Every time he turned around, someone was pushing a paper at him to be signed, and little white-faced boys from the East were collecting new taxes on his sheep and he had decided not to stand any more of this foolishness.

Only he did not realize that times had changed.

The day of the big outfits had passed. Sen. Pat McCarren of Nevada told me the other day that, one by one, they were folding up. It takes time to liquidate a big spread, because cows hide in the cracks of the hills and have to be dug out singly by cowpunchers who ride with a blanket and a slicker for a bedroll and a sack of flour and a frypan for their kitchen help. They wad up a little dough in the mouth of the sack and fry it along with the bacon and you'd be surprised to know how good it is on a frosty morning.

But the big spreads can be liquidated. The small cattleman has come to stay but good. In that Johnson County war which so brightened my young eyes, the big outfits brought in gunmen by the carload and even the Government lent a hand to the suppression of the men who had just a roping horse and a couple of lame cows by way of capital.

Today's small cattleman is a hard-working and law-abiding



citizen. Anyone who thinks that a cowman spends his life sitting on a fence with a git-tar, making eyes at a pretty girl in tight pants, hasn't as much sense as a prairie dog. He gets up at an ungodly hour, he sits him down in an ice-cold saddle and, if the horse is young and intolerant, he may get his bowels bounced against the roof of his mouth for a few jumps. He may be away from home for days during the round-up and if you think he is forgetful of the woman who keeps the home fires burning in a lonely cabin, you lack sympathy and understanding. Between times he works in his irrigation ditches, cuts hay and, as a wind-up to his season, brands calves in his corral and twists his hind end around rapidly to avoid their mothers who are bothered by the bawls as the hot iron presses in.

#### Land that would have wasted

I AM trying to indicate in a general way that, when times changed, it was necessary to supervise the use of the range in the public interest. Okie and his competitors and the big cow outfits had done a fine job. They had been making the best possible use of land that otherwise would have been wasted because no one profits when grass merely grows and withers. They provided beef, wool and mutton at low prices at a time when the country needed it. The country could not have gotten these desirable items in any other way.

The big outfits made the Kansas City, Omaha and Chicago stockyards possible and fixed it with the railroads to haul long trains. The organization which would have made these things possible for the small man simply did not exist. When the small man began to share the range with the big outfits, something had to be done about it.

Shooting into tents at night ceased to be a business hazard. The big outfits stopped swearing at nesters, who were running barbed wire and plowing the ground. Overnight the nesters became self-respecting citizens who ran small herds, raised alfalfa for winter feed and aimed to send their sons and daughters to college. It was necessary to protect the grass, and the Government stepped in.

That, as I see it, was all right at the time. The cowmen and the sheepmen were ready to cooperate to save the grass and themselves but they lacked the over-all information. Uncoordinated and uninformed competition would have hurt the range seriously through



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the 11 western public land states, namely Wyoming, Montana, Colorado, Nevada, Utah, California, New Mexico, Texas, Arizona, Oregon and Idaho.

Most of the bureaucrats I know are decent citizens who do their duty as they see it: the trouble is that they breed like guinea pigs. Drop a bureaucrat down on Crusoe's island, give him a big desk and some paper and, in defiance of all natural law, he will breed other bureaucrats. Perhaps it is the parthenogenetic process.

To skip the accretion of details, the time came when all public domain forests were controlled by the Forest Service and all the western range land by the Bureau of Land Management. They hated each other like tomcats and were joined only by their determination to make the stockgrowers of the 11 states who use public lands know who was boss.

"Only 45 per cent of the area of the 11 states has come into state and private ownership," according to Judge Charles E. Winter in his volume "400,000,000 Acres." Later surveys cut this percentage.

### States want their land

THE states want to get their land back. Approximately 500,000,000 acres are involved. A prairie dog could not raise his head on some of the acres—they're that poor—but most are fine grazing and forest lands. But the states involved derive an income of about \$21,000,000 annually from the Government and, in addition, there are certain public roads bonuses. They do not want to give up this money. Neither do they want their 500,000,000 acres to remain in the hands of Washington forever.

They may get so doggoned tired of being do-gooded, lectured and forefooted by the folks in the East, that the 11 states may get together. If the 11 states ever do reach agreement on what they want done with the 500,000,000 acres, Congress likely will hop to it. But, with the states in disagreement, Congress will not act and the states will be as firmly held by the Government as is Alaska, where the so-called Territory owns about enough land to cover a derby hat.

To becloud the issue the federal overlords maintain that:

A. THE STOCKMEN want to get the forest land into private ownership.

But they do not. This fact seems to make it more difficult to

reach any over-all conclusion, but the stockmen's associations repeatedly have disclaimed such desire. It is to the interest of all of them that the forest summer range be controlled by some central authority. State lines being what they are, the central authority can only be the federal Government.

B. UNLESS THE DOOR is barred to cattle and sheep, erosion will sweep all range land into the ocean.

No one denies that erosion should be checked. But mean-spirited little guys like me ask where bureaucrats have ever checked erosion. They like to control floods by building big dams downstream to feed powerhouses. The little dams that stop erosion are thrown up on privately owned hillsides. Also erosion is as old as the land itself, as is shown by the core drillings of every oil well. We can do something, but old Mother Nature has always peeled off her city clothes when she goes on a spree.

C. THE BUREAUCRATS believe with all the fervor of their souls that only the Government can save the rest of us from making fools of ourselves.

The Taylor Act provides that a stockgrower may lease land for ten-year periods and obtain government permission to run as many head of sheep or cattle as he can winter feed.

If those ten-year leaseholds were transformed into something resembling a durable tenure, so that a stockman could build up his ranch and hand it down to his children, there would be no need for that umbrella of bureaucrats that now spreads over the 11 states. The states would benefit both in taxes and self-respect; Lord knows how many men could be weeded out of the bureaus and the range would be saved in the only practical way there is.

For, in spite of the conviction of top bosses in Washington, the stockman has too much sense to cut his own throat. Each would protect, not only his own, but the great national industry of stock-raising on the range. If a small number of them wanted to do a little night riding, the Stock Growers Associations would not let them do it.

I never believed that Tom Kimbley could have built up that Round Bottom herd in five years. Or in 50. Not the way he wanted to go at it. I can remember the stories of the Johnson County war told by the little men who had ranches on short creeks.

## Right or Wrong—It's Wrong!

(Continued from page 41) reasonably glance somewhat nervously at an inscription chiseled on the wall just inside the front door. It is a quotation from the first inaugural address of the late Woodrow Wilson, acknowledged founder of the Federal Reserve system:

"We shall deal with our economic system as it is and as it may be modified—not as it might be if we had a clean sheet of paper to write upon—and step by step we shall make it what it should be."

With no "clean sheet of paper to write upon," the Board finds today's public debt running five times prewar. It is costing taxpayers \$5,000,000,000 a year to finance, or about one seventh of the entire federal budget. By buying in government bonds, Federal Reserve enlarges bank credit, thereby adding to inflationary pressure. An opposite course would have an adverse effect on the market for government bonds.

Federal Reserve is supposed to keep the government bond market relatively stable so the Treasury can borrow at low interest rates. When the market drops, the Treasury must offer higher interest rates on new securities to lure purchasers. This increases the financing cost, adding to the taxpayers' burden.

### Curb purchasing power

BUT, in inflationary times, Federal Reserve also is expected to curb the creation of excess purchasing power. The two aims are diametrically opposed.

Recent high demand for bank credit and the huge bank holdings of federal securities have detracted from the effectiveness of several Federal Reserve devices for keeping the national economic cradle rocking smoothly.

One of these is regulation of lending by adjusting the reserves against loans which member banks must maintain on deposit with a Federal Reserve bank. Theoretically, the higher the reserve requirements, which vary among sizes and types of banks, the less can be lent.

If the reserve requirement for a particular member bank is, say, 15 per cent, the bank can lend only \$85 of each \$100 on deposit. This normally powerful regulation is used sparingly because a change in it applies to all member banks and may affect some severely. Its effectiveness is enhanced by the way

money multiplies in banking transactions.

To illustrate this at the risk of oversimplification, let us say that, on a 15 per cent set-aside basis, you borrow \$100. You hold \$15 and spend the other \$85 on, say, furniture. The furniture dealer holds 15 per cent, or \$12.75, and spends the other \$72.25 for food. The grocer holds his 15 per cent and spends \$61.41—and so on. This process continues through about 20 transactions until finally the original \$100 has been put aside as savings and goods purchased total \$566 in value—so the total amount received by all parties is \$666.

This figure will be increased or decreased as the reserve requirement is dropped to ten per cent or raised to 25 per cent. Therein lies the great regulatory power of the reserve requirement.

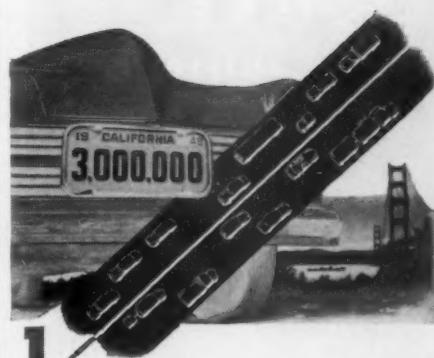
### Discount rate less effective

ANOTHER Federal Reserve regulatory device is the discount rate. This is the interest rate charged banks seeking additional reserve credit—so they can make more loans—from Federal Reserve banks either by rediscounting their borrowers' notes or on their own notes secured by borrowers' notes. Traditionally, Federal Reserve has raised the discount rate when it believed there was too much money in circulation, and lowered it when it felt there was not enough. But this device becomes less effective when banks can obtain additional reserves simply by selling government securities.

Federal Reserve also can help control inflationary credit by setting credit margins for stock market transactions—a device that would have served handily in that hectic fall of 1907. This amounts to determining the amount of credit that may be used in buying stocks. Margin requirements can be raised or lowered to affect speculation.

Although its power to do this is limited, the law permits the Board considerable discretion because weaknesses in the old national bank system taught legislators that credit administration cannot be achieved solely by law or formula. This again brings up that scapegoat angle, because Federal Reserve must deal with certain economic forces over which it has virtually no control.

One such force is set in motion



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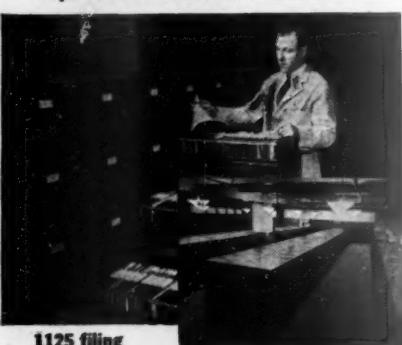
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#### Federal debt a problem

SIMILARLY, it has little control over the size of the federal debt and had virtually no say as to what portion of the cost of World War II should be financed from taxation rather than borrowing. The \$13,000,000,000 of short-term and \$59,000,000,000 of medium- and long-term government securities held by non-bank investors, mainly business corporations, create other problems. As private investments become more attractive or working capital is needed, the selling of these, adding to inflationary pressure, becomes more likely.

To counter such sales, Federal Reserve must continue to support the government bond market through purchase of federal securities from banks. But this, in turn, increases bank reserves and supports inflation.

Therein lies Federal Reserve's dilemma, together with the powers it possesses and obstacles it faces in trying to solve it. It is not exactly a happy situation.

"When a developing boom auto-intoxicates the economy, the central banker (Federal Reserve in this country) must discharge the thankless role of a warning Cassandra and must apply restrictive measures that are unpopular," says Karl R. Bopp, vice president of the Federal Reserve Bank of Philadelphia. "When a boom collapses he will be blamed both for having permitted it to develop and for causing its collapse. In depressions some will blame him for making the money market too easy and others for not making money easy and plentiful enough."

History supports that view. After World War I, Federal Reserve found, as it has since the more recent war, its worst problem to be that its own eligibility rules were not sufficient to control the uses to which the credit it created was put. To combat this during the 1920 boom, the Board raised the discount rate to check lending. This move alone was not enough to halt the inflationary spiral and the inevitable collapse of postwar prosperity came. The discount rate did make borrowing more difficult and

many farmers who were hard hit due to overexpansion of land holdings still blame Federal Reserve for the collapse. They accused the Board of favoring business over agriculture and, in fact, forced the requirement that at least one Board member be a representative of agriculture.

After the 1929 stock market bust, some financiers criticized the Board for trying to curtail speculation; others criticized it for failing to raise the discount rate and curb the boom.

In studying Federal Reserve's legal background, Congress must consider legislation representing a broad compromise between centralized and localized banking.

While top policy is set in Washington, directors of the Reserve banks have certain specific autonomy and obligations. They can set the discount rate, subject to Board approval. They can rule on whether the paper submitted for discounting by a district member bank is eligible. They must know the condition of every member bank in their district.

Each of the district banks has nine directors, three each in classes A, B and C. Class A and B directors are elected equally by small, medium and large member banks, while the Board selects the Class C directors and appoints one as district chairman. Class A directors may be bankers but those in B cannot be connected with banking and must be engaged in the district's commerce, agriculture or industry. Those in Class C must not be stockholders of or officially connected with any bank.

Stressing localization, each Federal Reserve bank and each branch office, of which there are 24, is a regional and local institution as well as part of a national system. Officers and employees are residents of the district. Transactions are made with regional and local banks



"And how is your poor husband's golf, Mrs. Curry?"

and businesses. The district bank represents local and regional views, while also helping to administer nation-wide banking and credit policies. It must decide what loans and discounts to member banks will harmonize with the entire system's objectives. Liaison is maintained with Federal Reserve publications and periodic regional and national conferences.

This bankers' banking system did not grow up overnight. The national banks were required to join. But most of today's nearly 7,000 members came in voluntarily, having decided the advantages more than offset the obligations involved.

The former include the privilege of borrowing from Federal Reserve when in need of reserves; using the system's facilities for collecting checks, settling clearing balances and transferring funds to other cities; obtaining currency when needed, and receiving dividends on paid-in capital stock of the district bank.

#### Reserves are large

MEMBER bank obligations include subscribing to that capital stock in an amount equal to six per cent of the member bank's capital and surplus—half of which must be paid in, with the rest subject to call. The member bank also must comply with reserve requirements and maintain prescribed reserves with a Federal Reserve bank without interest. This is more important than the stock subscription, because, for example, at mid-1947, paid-in capital of Federal Reserve banks was about \$190,000,000, while required reserves totaled more than \$15,000,000,000. Finally, member banks must meet requirements covering branch banking, holding company regulations, interlocking directorates and others. Those that are also state banks must submit to general Federal Reserve examination and supervision.

The system provides for a smoother country-wide flow of money. In its 30-odd years, which have included two wars and a drastic depression, Federal Reserve has not found its job easy. Born of a stormy financial period, today it finds its original position reversed. It was set up when the monetary problem was one of scarcity and rigid limitation on expansion. Now that problem has become one of too much and too many obstacles in the path of contraction. It frequently keeps the lights burning late in that marble building on Constitution Ave.



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City.....

State.....

## Foreman in the Legislative Mill

(Continued from page 46) could be changed. No change was made.

The biggest single job of a leader is to keep party members contented and voting with him. Halleck has had good success in this respect largely due to his willingness to permit all sides to an issue to present their arguments before he suggests a party stand.

### Encourages compromise

RECENTLY keen competition developed over the filling of two vacancies on important committees. About a dozen candidates showed up from different states, including one from Indiana. Halleck called the supporters of all candidates together and told them to present the merits of their men. When the candidates' claims had been set forth, Halleck told the conferees he believed two candidates, neither of whom was his Hoosier brother, stood out and why he thought they should be named. They were chosen and again everybody was satisfied.

An illustration of how strife may start within a party and call for impartial handling by the majority leader developed a few months ago over the wool issue. Western growers had been receiving a subsidy on wool. Naturally, they desired to retain it and so advised their members, several of whom were Republicans. From the buyers of wool, such as clothing manufacturers, came a loud protest against continuance of the subsidy and then G.O.P. members went into action. When the issue became hot, Halleck called interested members of the two sides together and, after extended discussion, they reached a compromise and both houses passed a bill satisfactory to most Republicans.

New members naturally turn to their leader with their problems, large and small. To keep them on the right road to political success requires patience and tact. Frequently, many of them, being urged to start orating the minute they land here about almost every conceivable subject, apply for a lot of floor time in which to sound off. In such instances, the leader patiently explains the reasons why it is best for a

newcomer to take it easy for a while. Usually they take his advice. The member who does not take a leader's counsel and insists on speaking frequently and making unreasonable demands seldom is seen around the House for long.

When Halleck disagrees with other G.O.P. big guns, he never pussyfoots on taking a stand to make his position clear.

During the recent Special Session, Representative Wadsworth of New York offered a resolution to have the House forego its special session mileage allowance in the interest of government saving. Wadsworth made a strong plea for his proposal. Many members were greatly embarrassed. A majority are men of limited means. Further, they felt they were entitled to their allowance by law. However, the subject of mileage money always is a ticklish one, especially for a candidate for re-election. The opposing candidate often insists that mileage is just so much plain graft. Hence many members who were afraid to speak their minds on the Wadsworth amendment squirmed, remained silent and suffered much.

Not Halleck. Springing to his feet, he declared vigorously that the members were entitled to their mileage and the many who could ill afford to sacrifice the modest amounts involved should not be forced to do so. The resolution was defeated by a large vote. Later, many members, including Democrats, thanked Halleck for his aid.

Despite the fact that Halleck is a strong partisan, four of the leading House Democrats, Sam Rayburn; John McCormack, former

majority leader, of Massachusetts; Adolph Sabath, dean of the House and leading New Dealer, of Illinois, and Eugene Cox, Georgia conservative, are among his closest friends. On the occasion of Rayburn's most recent birthday, it was Halleck who paid the first tribute to the former speaker. When Sabath was chairman of the rules committee, Halleck, also a member, often defended him against bipartisan attacks. McCormack and the Hoosier bark sharply at each other on the floor and fraternize like brothers in the lobbies, and Cox, except on strictly party matters, often votes with the Republicans. Last Christmas, for the first time in history, every House member got a friendly personal note of greeting from the G.O.P. leader.

### Familiar with all bills

THE majority leader must know in a general way enough about every document reported by a committee to discuss it if necessary. At the last regular session of the House, nearly 5,700 bills and resolutions were introduced.

All bills must be cleared by committees before reaching a calendar for floor consideration. These four calendars are the Union, which embraces bills involving an expenditure of money and designed to raise revenue; the House, for major bills not raising revenue; the Consent, for minor bills to be considered by unanimous consent, and the Private, for small bills involving largely individual relief cases.

House and Union calendar bills are the important ones. The House considers them on all except a few days each month which are set aside for the Private and Consent calendar measures. The speaker, majority leader and majority whip pretty largely control the order of calendars. Bills in these groups being top flight, the majority leader has to be familiar with the important angles of each. He studies them as carefully as time will permit, but gets most of his information about them by what is called the "absorption" method. That is, he discusses the bills with the committeemen in charge of them, gets digests of committee reports from his research staff and confers with individual interested members.

At best, however, his information on the measures often is only cursory until debate starts. Then, by careful



listening, he gets the drift of the situation. Often it is his job to close the debate for the majority. This is always good to hear especially when it leads to a crossing of rapiers between him and the minority leader, Sam Rayburn.

Private and Consent bills, being smaller fry, do not require such careful attention of the majority leader, but he knows about them, too. A staff man, W. R. Pitts, briefs these bills and confers on them with the six G.O.P. objectors, three of whom are assigned to each committee. The briefs, on cards, are handed the majority leader before he goes to the floor on these special calendar days.

Being a "free wheeling" speaker, Halleck seldom prepares an address in advance on a bill. He prefers to catch the debate as it proceeds and then fit his remarks to what has gone immediately before. His extemporaneous remarks seldom require change before being put into the *Record*. Halleck likes the give-and-take of floor debate and rarely refuses to yield for a question from a member, regardless of his politics. Hecklers have learned, however, to be prepared for quick comebacks.

#### Office is kept busy

LETTERS come into Halleck's office at the rate of around 200 a day. All except personal mail first is read by his secretary, Jesse Nolph. Routine requests for information are handled directly by him, but about two thirds of the mail is classified and laid before Halleck.

Most of the research work for speeches, special articles and newspaper statements is done by Pitts and the staff. When the writing load gets too heavy, other assistance is called in.

Business and industrial problems always have attracted Halleck and hence he tries to cover meetings where he may help contribute something to the improvement of economic conditions. Getting business men interested in participating to a greater extent in public affairs is a thing he urges constantly. He thinks business men can do much more to help public officials in their efforts to improve the present economic situation.

Halleck is 47 years old, but has been in public life for more than 23 years. He was elected prosecuting attorney of his home county, Jasper, in Indiana, before he was graduated from college and then re-elected to the same office three times. He came to Congress in a special election in 1935 and has been here ever since.

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Suppose you own 50 shares of Typical Manufacturing Corp. Perhaps you bought them in 1943. At that time, you investigated the company carefully—earnings, assets, liabilities, policies, future prospects. You were satisfied it was a good investment.

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But just a minute. That was 1943. How many times since then have you re-examined Typical's situation, just as carefully as you did originally?

**Did it ever occur to you** that no investment decision can ever be a *final* one? Changing conditions constantly change investment opportunities.

Yet every day that you hold 50 shares of Typical Manufacturing, you say in effect: "I'm satisfied it's the best investment I can make of my money."

**Maybe it is.** If you're prepared to say so on the basis of the evidence, that's good. But if, on the other hand, you think your security holdings need careful reappraisal, why not use the facilities of our Research Department? Why not "Investigate *after* you invest?"

If you would like up-to-date facts on any security or a careful review of all your holdings, just write

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## *Odd Lots*

By Reynolds Girdler

### Morgan's Partners

TO BE a Morgan partner is still the loftiest height to which a Wall Streeter can aspire. In a manner of speaking, however, more than 1,200 investors have achieved that state of grace since 1942 by the simple process of buying stock in the Morgan bank.

In that year, Smith, Barney & Co. offered publicly, for the first time, 16,500 shares of the capital stock of J. P. Morgan & Co., Inc., the bank (as distinguished from Morgan, Stanley & Co., a partnership engaged in the investment business). These shares were assembled from the holdings of the 77 partners who became stockholders when the original firm of J. P. Morgan & Co. went from a partnership to a corporation.

The other day the fifth public offering of Morgan stock was made, this time from the estate of the late Thomas W. Lamont. Now about 150,000 shares of the total of 200,000 shares are owned publicly. Book value of the Morgan stock has risen from \$200 a share at the time of the incorporation to more than \$300 a share today.

★ ★ ★ ★

### Bank and Bank

TWO bank mergers in one month excited Wall Street. Old timers remembered the rash of mergers in the late '20's and the brisk bank stock speculation that accompanied it. Were these two mergers the beginning of another trend?

On second thought, Wall Street decided not. There were special

reasons for both the mergers. Of the two (Continental Bank plus Chemical and Bank of New York plus Fifth Avenue Bank) the latter was the more interesting.

This was largely because almost anything concerning the Bank of New York grips the interest of the Street. Founded by Alexander Hamilton in 1794, it is the oldest bank in the nation.

For some years it was called simply "the Bank" because it was the first and for a long time the most important one.

But after its brilliant beginning, it settled down to years of an obscure existence. More aggressive personalities rose in Wall Street, and giants like the Chase and National City and Bankers Trust shouldered it aside.

Then John C. Traphagen, a tall, simple and most direct kind of banker, took over. He gave the bank a new personality. For about three years he maintained a vigorous advertising campaign that changed the trust department thinking of the nation. It was the Bank of New York that coined the "securities are risks" concept when most of Wall Street still took refuge in the comforting euphemism that securities are investments.

Shortly after the 1933 bank holiday, Traphagen ran an ad offering to lend money. Money was tight in those days and this was a daring action. The day the ad appeared, Traphagen walked into his office to find a group of his officers in a worried huddle.

Alarmed for fear all of New York was going to swarm into the bank

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and ask for loans, the officers confronted Traphagen with the ad.

"Yes, I know. I authorized that ad," he said. "After all, lending money is our business, isn't it?" Actually, only a few people applied for loans on the strength of the ad, and the bank picked up some nice business.

On another occasion, when Ivar Krueger was still the match king with a personal credit greater than that of sovereign nations, Krueger dropped in to see the Bank of New York officers. He was there, he said, to find out why this Bank, America's oldest, did not solicit his business. The reply startled him.

"Our first duty, Mr. Krueger," the bank's officers said, "is to our depositors. We are a small bank by comparison with you, and in no position to stop you if we think you are not making good use of the money we lend you." When the Krueger empire fell, it carried not a dollar of the Bank of New York's money with it.

★ ★ ★ ★ ★

### Pixy Proxies

"FATHER of all liars . . . psalm-singing, honey-tongued hypocrites . . ."

With such phrases, those engaged in proxy fights used to assail their opponents. But that was before the SEC imposed its recent regulations. Now proxy contestants must submit proxy literature to the Commission before mailing it to stockholders. The new rules have effectively inhibited this most interesting area of financial literature. Once in a while, however, a glow appears in some fight over a company outside SEC jurisdiction. Insurgent stockholders of the Hudson & Manhattan Railroad recently led their literature with this adjuration: "Ye shall know the truth and the truth shall make you free.—John, viii, 32."

★ ★ ★ ★ ★

### The Specialist

WALL STREET is like a ship that is finding herself. Her individual parts still snap and whine and complain against one another when the going gets rough.

Some time ago, a leading odd-lot firm prepared a slide film to explain its specialized functions to others in the financial district. And now, under the aegis of the Association of Stock Exchange Firms, the floor members are telling their story in a pamphlet due off the press this month.

The pamphlet is aimed squarely

# Every inch the Chief



Yes, *Little Chief*, our Chief measures up to the name! For it is the all-Pullman, extra-fare, transcontinental streamliner (along with the daily Super Chief) that is famous among discriminating travelers for smooth-riding speed, roomy comfort, and delicious Fred Harvey meals.

The Chief provides daily service between Chicago and Los Angeles, Chicago and Phoenix, Chicago and San Diego.

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While a fundamental research may take years, a practical, applied research must be done as quickly as possible . . . it

should eventually pay dividends in dollars and cents. That's why our physicists, engineers, chemists, and technicians are trained to produce results on a time-table basis. We follow the "doctor-patient" code of confidence.

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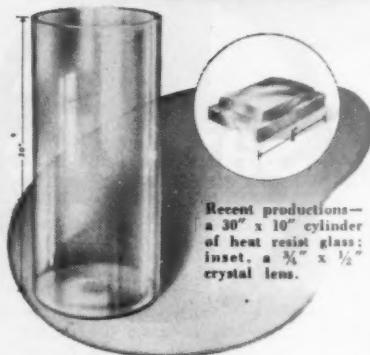
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at the thousands of customers' men who deal with the public. They are the first object of education because, reasons the Association, if even customers' men (or customers' brokers as they are called today) hold many wrong notions about specialists, how can the public be expected to understand them?

The floor specialist is the man who "runs the book" in certain stocks. He maintains a listing of orders in his stocks that are not executable at the time of their receipt by the brokers to whom they were originally given. Thus, if you order your broker to buy 100 Motors at the market, chances are that order will be filled without going through the hands of the specialist. But if you put a price limit on your order, then the order is left with the specialist for action whenever the market touches the price you set.

Author of the explanatory pamphlet is Walter Stokes, whose firm of Stokes, Hoyt & Co. runs the books in General Electric and United Fruit, among others. By inheritance as well as by interest, Stokes is eminently qualified for the job of authorship. His father and grandfather before him were specialists.

No one today is quite sure exactly how the specialist function began. Wall Street, never history-conscious, has lost this information in the jumble of forgotten years. But legend says the specialist began in the days when stocks were traded "in rotation." A member broke his leg and couldn't move around on his job. His friends left their orders in certain stocks with him and he specialized in those stocks. The service performed by the stationer member was so valuable that the practice remained even after the leg mended. Myth or fact, that's the story.

★ ★ ★ ★

### Tombstone Hucksters

TO THE bright-tied hucksters who spend millions of dollars advertising toothpaste and soap, Wall Street's advertising has always seemed an obscure kind of joke. And up to now, the Street has had little factual data with which to counter the jibes of the uptown gentry. But the other day Roland Palmedo of Lehman Brothers made a survey to test the effectiveness of the Street's "tombstone" offering ads. He queried the Street's principal market: corporation officers, institutional investors, and such-like. This market, he found, studies the

ads intently. More important, he found that this primary market rates a firm's prestige largely by the frequency with which it sees the firm's name in offering ads. And that's the main point the Street wants to get over.

★ ★ ★ ★

### Compromise?

THE rumor persists in Wall Street that the investment bankers and the Justice Department will settle the antitrust suit out of court. The bankers, according to the rumor, will accept a consent decree, consenting not to do certain things that are not being done anyhow. This rumor is denied vigorously by the "insiders." Those leading the Wall Street defense feel that any compromise, no matter how tempting, would give the Government the appearance of victory, which is the last thing Wall Street wants.

★ ★ ★ ★

### The Capitalists

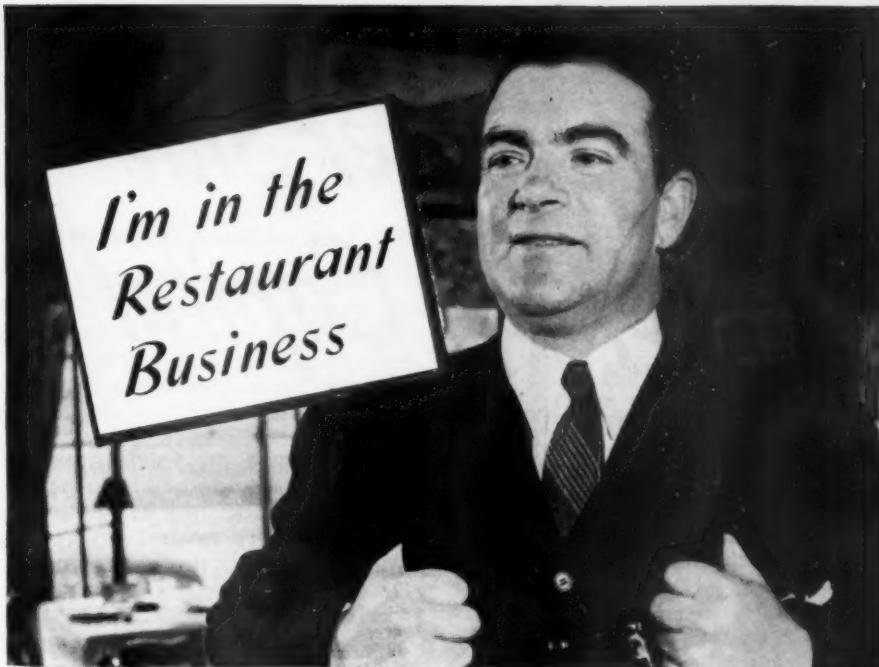
LITTLE by little, the picture of the American capitalist begins to emerge more clearly. The creature bears little resemblance to the bloated plutocrat so essential to the pen of "liberal" cartoonists.

Last year the SEC completed its monumental study of one day's trading, found that the big break was caused by public selling, and that the Wall Street professionals were on the losing side. The "insiders," the SEC discovered to its chagrin, bought more than they sold during the price-smash.

Now the firm of Merrill Lynch, Pierce, Fenner & Beane has gone a step further. It has made an occupational survey of its customers. It finds that 29 per cent had yearly incomes over \$10,000; 30 per cent had incomes between \$5,000 and \$10,000; and that 41 per cent had incomes under \$5,000. These presumably are the thrifty people at whom New Dealers used to sneer.

To clinch the point, Merrill Lynch ran pictures of its typical customers in its annual report. There's a CIO member, big as life, a leverman in a steel mill. This victim of entrenched interests, it seems, habitually phones in his stock and bond orders.

At the opposite end is an example of the new aristocracy. Ronald Colman, typical of the movie actors who struggle along on only twice as much yearly as corporation officers, is also an investor. This was a neat touch, Mr. Colman being one of the most photogenic capitalists.



H. ARMSTRONG ROBERTS

WHEN I first opened for business I was just a little fellow with a lot of big ideas—and you could probably say the same about the other merchants in town. We wanted to go places—in a big way, but we needed encouragement and guidance.

Well, we got them. We got the needed boost from our local chamber of commerce. In my own case I got a lot more than I had any reason to expect. The chamber has been an unfailing source of help every time I've gone for answers, information and cooperation. And by making the community a good place to live in and trade in, it has brought me more business than I ever could have pulled in unaided.

The boys at the chamber tell me that I share in the helpful experiences of more than a million business men who belong to some chamber of commerce or trade association. I'm glad to be one of them and glad to pay my share. I get a lot more out than I put in.

►► WHATEVER your business or profession, your local chamber can help you, too. Ask us for a free copy of "Local Chambers, Their Origin and Purpose."

Chamber of Commerce of the  
United States of America  
WASHINGTON 6 • DC



# On the Lighter Side of the Capital



## Report from the distaffs

RUMOR has it—and this rumor is as firmly established as the Washington Monument only no names may be used—that a rich feminine seethe is in operation on the purdah side of the White House. To vary the simile, the ladies of the establishment are swooping like hawks. The ladies Truman are expressly excluded from this general statement. They may be blissfully content with the political situation—

"But let me tell you," said a husband of one of the ladies, "the others ain't."

To be pure about it, that "ain't" is a colloquialism. But it is quoted verbatim. The husband said the males of the presidential household do not want to lose their jobs. There's something about it, he said. Any one of them might be able to make more money somewhere else, but being a member of the White House party sort of gets you. But the ladies—

"Boy! How they're screaming!"

## All may be denied

THEY are, he said, able to rise above the sordid mess of politics and view the situation in a purely personal way. They are broad enough to admit that Mr. Truman may have made his mistakes; they can even enumerate them for reasonably silent listeners; but they seem to feel that the ladies of the press are playing hob with sex solidarity. The husband really said "hob." The fact may be of interest to H. L. Mencken, who seems to be running his discovery of the American language as a serial:

"What they say about May Craig," he said admiringly. "I gotta hand it to 'em."

Mrs. May Craig is the diminutive Maine hornet who, as a reporter, has been leaving lumps over the administration. There was a time, too, when Doris Fleeson had the ladies of the establishment practically hanging on her words. They

said she was so fairminded, in tones that sounded like hosannas. The husband thinks Miss Fleeson will enter any household in the White House perimeter at her own risk, since she printed that crack from an anonymous Democrat:

"I wonder what Truman would do now, if he were alive?"

## A moment of pleasure

CONTINUING the words from the husband:

"The Chief had one moment of pure pleasure during these horrid

recent weeks, when he tweaked the nose of the American press and it tweaked back as gently as a butterfly."

The annual dinner of the White House Correspondents Association has always featured the perfect love which presumably casteth out gripes between the writers and the President. In fact every President who has not been able to make suckers out of the correspondents looked on them as a flock of werewolves, and that holds good as far back as the First Roosevelt. But no one has ever admitted this at the big dinners. Serenity and culture is the order of the evening. Mr. Truman broke that up.

## "End on a sour note"

NAT S. FINNEY had received the Raymond Clapper award for distinguished reporting, along with a check for \$500. Finney had been given this honor for a series of stories—

"Disclosing moves to impose a form of peacetime censorship on government acts and utterances."

*The Goldfish Bowl*, official publication of the National Press Club, states that the award was made early in the evening. Everyone was happy. The President was amiable and smiling. The food had been good, the comedy better. "Miss Truman had been her charming self

and in splendid voice." Then the President rose to say good-by and remarked that this was the first time he had been called on to award an Oscar to some one who had knocked down a straw man—

The *Gold Fish Bowl* stated that:

"The dinner ended on a sour note."

## The No. 1 lobbyist

TWO generations of dealing with Congress have not weakened Ben Marsh's sense of humor. He looks on its members

with a consideration that approaches affection. In return every congressional office is open to him, although

The People's Lobby has only a few hundred supporting members and most congressmen have a vague idea that Mr. Marsh lobbies for his own conception of the general good. There is, broadly speaking, not a lot of nutriment in that industry. It was with a chuckle that Mr. Marsh said:

"It's a shame we cannot go back to the practices of our forefathers, when a vote was worth two dollars and no more."

A simple man could succeed in politics in those days. All he needed was a voice, a firm hold on the eternal verities and plenty of two dollar bills. Nowadays new issues crawl out of the cracks after every rain.

## He suffered a TKO

MR. MARSH is actually No. 1 on the congressional register of lobbyists. His specialty is asking questions and because they are never tricky or unfair he is given a hearing by many who are opposed on principle to most of the things he stands for. He is as pertinacious as a gadfly but accepts defeat cheerfully. Once Mrs. Eleanor Roosevelt wrote that her committee:

"Would permit anyone to testify—"

Mr. Marsh observed that he had been trying for weeks to testify but the committee had refused to hear him. Mrs. Roosevelt made a slight change in her statement:

"Anyone can testify before the committee if the committee will let him."

Mr. Marsh still thinks that is very funny.

## Is another king coming?

IT IS reported via the Virginia creeper that the king of Greece



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would like to make us a little visit. Presumably C.O.D. Along with that rumor is another to the effect that, if the proposal ever takes official form, Mr. Truman may be expected to rise to new extemporaneous heights. The President doesn't do so well when he reads from a paper but when he starts a blood pressure and begins to whack the table he is a whiz. Ask Chairman McGrath or Gael Sullivan about the day they tried to bring him the bad news—

The king of Greece gets a salary of \$40,000 a month, free of American taxes, and paid from American funds. There is a question of book-keeping involved, of course, but that's where the money comes from. Mr. Truman doesn't do so well.

#### Tip to the generals

"I GOT a nephew," said the Senator.

Height, weight, mentality, morals, all 100 per cent. He wanted to go into the Air Corps, but for a time family and technical reasons interfered. Finally the Senator fixed it up with a general and the boy enlisted and was sent to a camp down south and is still handling bedpans. A.W.O.L. twice.

The Senator thinks that, if the Army hasn't learned yet to make some effort to screen the incomers so that round pegs may be fitted into round holes, then something should be done about it. After all the Army has had two wars to practice on.

#### In the financial fog

THE British Information Service, being interrogated, states that the per capita debt of Great Britain is \$2,148 and that of the United States \$1,800. Which really doesn't mean very much to a people accustomed to shooting craps for billions. Senator Brooks of Illinois—who has not been opposing E.R.P.—has tried to make the money fix a little more neighborly. He has had a tabulation of foreign aid prepared by the Library of Congress along with a statement of the county, city, school, village, township, poll and other taxes paid by the counties of various states. Just for an example—

Adams County, Nebraska, population in 1940, 24,576, paid the sum of \$915,375 in 1945 for all these local taxes. Its share of foreign aid, provided and proposed, from 1945

to 1952, will be \$7,671,152. So that it looks as though we will soon catch up with Great Britain. If our local indebtedness—county, city, etc.—were added to the federal debt we would be ahead of the British right now.

#### Att: Hoover committee

CARL LOMEN was once the Reindeer King of Alaska, with 300,000 or 400,000 in his herds. Then the Government took over the deer, many words were printed, and now the reindeer are reputed to be only 50,000 in number and dying fast. Lomen relates that one man in the government service was called back to the States and promptly issued a call to his Eskimo subjects:

"Meet me at the church on Sunday."

They were as fond of him as they were of smallpox. In his peroration he said:

"If I have done wrong to any of you, I want him to stand up.

"I will forgive him."

#### Tale of the typewriters

LOMEN'S story might be re-addressed to the over-populated government departments, who may have to forgive the Hoover committee on government reorganization a good deal. The Appropriations Committee of the House reported that:

"The Government owns three and one-half typewriters for each of the stenographers, typists and correspondence clerks employed."

All of which is only bait to call attention to the fact that Meatless Tuesdays departed this life some months ago. They were never in life, in fact, for no one ever paid the least bit of attention to this inspiration.

But the bureau which handled the Meatless Tuesday idea still lives.

#### Recalling an old story

ALL this made John J. Daly, the Washington writer, remember a talk he had long years ago with Fred T. Dubois, then one of the United States senators from Idaho. For his own reasons he gave Mr. Daly some unsolicited advice:

"Don't write," he said, "not ever. Don't dictate. Destroy the carbon copies."

Four years later Mr. Dubois added to these words of wisdom:

"Burn the files."

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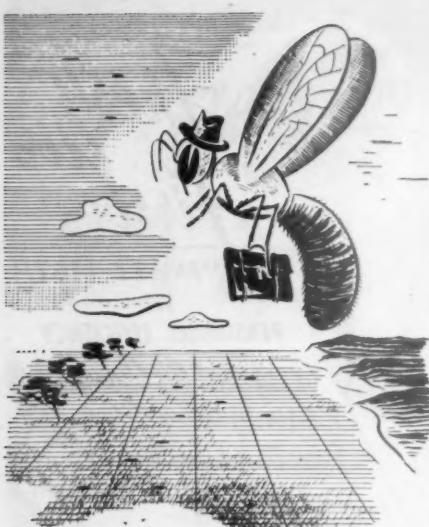
#### Get the Facts...

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## BUSINESS BEES

**Bees are business in South Carolina.** At least those that travel for one honey company are. The owner takes them to apple orchards in Virginia when the trees blossom to transmit pollen from bloom to bloom; they go to Florida to do the same for citrus fruit trees. Then they are taken to the western part of South Carolina to produce honey from the sourwood.

This business of busy bees isn't an ordinary one, but it does serve as an outstanding example of the diversified businesses and industries, large and small, which flourish in South Carolina.

Whether you plan to open a \$2,000 business or a \$40,000,000 industry—both types are being built in the State right now—it probably would pay you to investigate South Carolina. An adequate supply of skilled native-born workers, growing markets, reasonable taxes and a mild climate are among the advantages. For specific information, write Research, Planning and Development Board, Dept. J, Columbia, South Carolina.

*South Carolina*

WHERE RESOURCES AND MARKETS MEET

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